



**HOW DO HOUSEHOLDS ADJUST THEIR EARNINGS, SAVING, AND  
CONSUMPTION AFTER CHILDREN LEAVE?**

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## **Abstract**

Whether parents adjust their consumption after their children leave home has important implications for our understanding of retirement income adequacy. Prior studies have found that parents reduce consumption after their children become independent, allowing them to save more for retirement. Other studies, however, have found that savings for retirement does not increase. If households are both consuming less but not saving more after the children leave, where are the resources going? The project examines three ways to reconcile these seemingly inconsistent results: 1) parents may be saving by paying down debt faster, 2) parents may still be providing financial support to their grown children, and 3) parents may be adjusting their labor.

The paper found that:

- Households are not saving by paying down debt quicker after the children become independent.
- Parents also do not continue to provide more money to children after they leave.
- Parents are, however, reducing the number of hours worked and earn about \$2,000 less per year after their children become independent.
- Consumption relative to income decreases by 6 percent after children leave but net worth remains unchanged, so the conflict remains.

The policy implications are:

- Savings and consumption are not the only levers that parents can adjust after children become independent, they can also adjust hours worked and earnings.
- The ability for parents to save while reducing their labor and earnings will, in part, depend on the stability of the jobs and whether they have benefits.

## Introduction

Academic opinion differs as to whether the United States faces a retirement savings crisis. While many factors are discussed, much of the disagreement hinges on different assumptions on how household consumption changes once children leave home (Munnell, Rutledge and Webb, 2014). Optimal savings studies, in which household consumption declines and savings increase when children leave home, suggest that most people are saving optimally (Scholz and Seshadri 2006, 2008). On the other hand, studies based on the assumption of steady consumption over the working years conclude that many households will end up unprepared for retirement (Mitchell and Moore 1998; Munnell, Orlova, and Webb 2013).

Several studies have tried to examine empirically which of these two theories better describes household behavior once children leave. These studies, however, have still not answered the question. Biggs (2019), for example, found that parents decrease their consumption relative to non-parent households at older ages, suggesting that parents may be increasing their savings. At the same time, Dushi et al. (2016), using W-2 tax data, found that parents did not increase their 401(k) contributions after their children became financially independent. If households are both consuming less but not saving more after their children leave, the question that arises is where are the resources going?

One potential way to square the circle is recognizing that 401(k) accounts are not the only way for households to save; parents could be paying down their mortgage or other forms of debt, which is increased saving, after their children leave home. Examining other accounts could show that parents are increasing savings. Another explanation is that typical measures of consumption do not capture all the ways that households expend their resources – parents could continue to provide financial support for their children by helping with home down payments or paying off student loans. A broader definition of consumption that includes financial transfers might suggest that parents are not reducing consumption after children leave. Finally, parents may also opt for more leisure and, as a result, less work and income when their children leave home, which could produce a decline in consumption and yet no increase in saving.

This project uses data from the *Health and Retirement Study* (HRS) and the *Panel Study of Income Dynamics* (PSID) to try to reconcile these seemingly contradictory findings. If households are reducing consumption and paying down their mortgages, they are following the path envisioned in the optimal savings literature and may be more prepared for retirement than

previously thought. Similarly, if households are opting to work less, earn less, and consume less, they will require fewer resources for consumption in retirement, although the implications for retirement security are less obvious. On the other hand, if they are continuously providing for their children through transfers to pay down student debt or to buy a home, these outlays may continue even once parents stop working. Typical narrow measures of consumption, which excludes these transfers, may understate the amount of resources parents need in retirement.

The results from the HRS show that parents do not pay off their mortgage more quickly or continue to provide transfers for their children after they have moved out. Instead, parents reduce the number of hours worked by about one hour a week or adjust to a more flexible but lower paying job, resulting in lower annual income of about \$2,000 - \$2,500 a year, or about 3.3 percent of income. An analysis of the PSID, which includes younger parents, confirms these findings.

The implications for savings of parents opting for more leisure is not obvious. A decline in income by itself could mean either a decline in savings or a decline in consumption (both narrowly and broadly defined). Since our results confirm prior findings that there is no change in saving and consumption is decreasing, even under different definitions of both, the effect on savings depends on how much parents reduce consumption relative to income. The results show that consumption relative to income decreases by 6 percent after children leave. A decline in consumption relative to income should result in more savings and greater net worth. However, household net worth to income ratios do not increase. We discuss a few potential reasons why parents seem to be reducing consumption more than income but observe no changes to savings or net worth and invite future research to explore these reasons.

The rest of the paper proceeds as follows. The next section summarizes the studies that examine how children affect household saving and consumption decisions. The third section describes the data, and the fourth discusses the methodology. The fifth section presents the results. The final section concludes that parents do not increase savings after children leave but reduce consumption and earnings. While the analysis does not completely resolve the apparent conflicting behaviors, understanding that a third dimension – changes in income – is at play can help future research on the topic.

## Literature

Whether parents adjust their consumption after their children leave home has important implications for our understanding of retirement adequacy. The event of interest, in relation to consumption and retirement saving, is when children become financially independent. Since it can be difficult to identify when financial independence occurs, studies often use whether children are living at home or in school as identifiers. These proxies are not perfect. Counting only children who live at home as financially dependent would exclude college students, many of whom are still dependent on their parents' support. On the other hand, if all children living at home or in school are included, graduate or professional students may be considered financially dependent, even if many are not. A careful combination of living at home and being in school is likely the best proxy for identifying financially independent children (Dushi et al. 2015). Note that for simplicity, the paper will use terms "financial independence" and "leave home" interchangeably.

Regardless of the measure of financial independence, the lifecycle model is the basic starting point for understanding household consumption and retirement savings decisions. Theory suggests that households want to smooth the marginal utility of consumption over their lifetime.<sup>1</sup> The question is how the marginal utility of consumption changes when children are no longer dependent. Optimal savings studies such as Scholz and Seshadri (2006 and 2008) and Gale, Scholz, and Seshdari (2010) assume that the marginal utility of consumption is higher when children are still dependent. Specifically, the studies assume that total household consumption is determined by the number of adults and children living in a household, following an equivalence scale.<sup>2</sup> The equivalence scale, based on Citro and Michael (1995), implies a dramatic decline in consumption once children become financially independent and an implied increase in savings by about 18 percent of earnings. On the other hand, studies based on target replacement rate calculations such as the Georgia State RETIRE Project (Palmer, 2008) and those used in the National Retirement Risk Index (Munnell, Webb, and Delorme, 2006), implicitly assume that the marginal utility of consumption does not change with household size.

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<sup>1</sup> Modigliani (1986)

<sup>2</sup> Drawing on the life-cycle model, these studies contend that households should set a goal, not of smoothing consumption, but of smoothing the marginal utility of consumption. If consumption needs, and thus the marginal utility of consumption, are higher while the kids are at home, then households should optimally plan for higher consumption then and lower consumption after the kids leave home and in retirement. An important corollary of lower consumption when the kids leave home is that most retirement savings will take place just before retirement.

Under these assumptions, household expenditures will be roughly steady throughout a household's working career. Consumption by parents will decline as children enter the household, but will increase as children become financially independent.

Assumptions about how consumption changes after children leave have an important effect on estimates of retirement preparedness. Munnell, Rutledge, and Webb (2014) show that differences in the treatment of children explain about half of the difference in the estimates of the percent of households with inadequate savings. For HRS households age 51-61 in 2004, Scholz and Seshadri (2008) report that 8 percent of these households have saved sub-optimally.<sup>3</sup> In contrast, Munnell, Rutledge, and Webb (2014) estimate that 35 percent of those cohorts would be unable to hit their replacement rate targets. Half of the 26-percentage points difference – 13 percentage points – reflects differences in the treatment of children.<sup>4</sup>

Unfortunately, the empirical evidence thus far is limited and similarly as conflicted as the theoretical assumptions. Several studies have tried to examine differences in consumption before and after children leave directly. Rottke and Klos (2016), using German and Italian data, found that household spending declines after children leave home, but not by a sufficient amount to make up for parents' lower rate of saving during the period in which they were raising children. Coe and Webb (2010) used panel consumption data and found no evidence that households decreased consumption after children leave.<sup>5</sup> However, their study suffered from a small sample size. Using a larger panel consumption dataset from the PSID, Biggs (2019) found that parents decreased their consumption by 3.5 percent between ages 45-49 and ages 65-69 while non-parent households increased their consumption by 33.2 percent at the same ages. The study does not seek to identify when children become independent but rather infers the decline in consumption is due to children leaving. This inference is supported by expenditure declines

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<sup>3</sup> Biggs (2009), which applies the Citro and Michael (1995) equivalence scale to projections from a microsimulation model, found that median retirement income replacement rates calculated using equivalence-scale adjusted earnings and post-retirement incomes were 17 percentage points higher than when using non-adjusted figures, leading to a smaller share of households with retirement incomes falling short of any given benchmark.

<sup>4</sup> Most of the remainder is the result of differences in drawdown. Munnell, Rutledge, and Webb (2014) assume that households purchase an inflation-indexed annuity. Scholz and Seshadri (2006, 2008) assume that households undertake an optimal drawdown of unannuitized wealth. They optimally choose a declining consumption path, reflecting a preference for greater consumption at ages at which they are more likely to be alive. Given their assumed intertemporal elasticity of consumption, they require less wealth per dollar of age-65 consumption than purchasers of inflation indexed annuities, and therefore optimally accumulate less wealth.

<sup>5</sup> The authors used HRS Consumption and Activities Mail Survey (CAMS) data.

occurring in categories that are plausibly related to supporting children, such as education, housing, food, and transportation.<sup>6</sup>

The challenge in comparing parents and non-parents, however, is that parents and non-parent may be fundamentally different, so comparing the two may not be a good indication of the changes in consumption resulting once children leave. Additionally, consumption measures in the PSID do not capture irregular expenditures parents may continue to provide for their children even after they are largely independent, such as helping pay off student debt or providing a down payment for a house. This broader definition of consumption, which includes transfers, might also be appropriate in the context of a lifecycle model. Since parents generally care about the well-being of their grown-up children, they may try to maximize their own well-being as well as that of their grown children based on altruistic preferences.<sup>7</sup> Therefore, this paper examines whether parents continue to provide financial transfers, which are not captured in traditional consumption measures, after their children leave.

Since it can often be difficult to obtain accurate measures of consumption over time, Dushi et al (2015) estimates changes in savings, the inverse of consumption. Because all income is consumed, saved, or taxed, holding income and taxes constant, if households are increasing their saving, they must be decreasing consumption. Using administrative linked W-2 data, the authors found that while households increased 401(k) contributions after children moved out, the increase was tiny compared to that implied by the optimal savings models.<sup>8</sup> A limitation of the study is that it did not consider other ways that parents could save for retirement, such as paying down their mortgage. This paper therefore also examines whether households are increasing savings by paying down their mortgage or other forms of debt after the children move out.

Finally, the literature thus far has considered only changes in consumption or savings, the right-hand side of the income equation. Income itself, however, may also be changing if parents opt for more leisure and work less after their children move out.

In short, this paper re-examines possible responses to children leaving home, using a broader measure of consumption that includes continued financial transfers and a broader

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<sup>6</sup> Following retirement expenditures by both parental and nonparental households declined, consistent with other work such as Hurd and Rohwedder (2003).

<sup>7</sup> The bequest literature provides insight into how transfers affect parents' well-being. See Laitner (1997) for a review of the literature.

<sup>8</sup> This result is in line with Smith, Johnson, and Muller (2004), which found some evidence life events can affect contributions to retirement accounts but the magnitude of events is generally small.



measure of saving that includes debt repayment, and considering the possibility that income itself changes as households opt for more leisure. Reconciling the seemingly conflicting findings will help shed light on whether households are saving enough for retirement.

## **Data**

The primary analysis of the paper uses data from the 1992-2018 wave of the HRS, linked to administrative earnings and Social Security benefits data. Since the HRS includes only households where at least one spouse is over the age of 50, we supplement the analysis with 1992-2017 panels of the PSID to check whether the behavior of younger parents is similar.

### *Health and Retirement Study*

The HRS is a panel survey of households where the head is age 51 or older, that has been administered every two years since 1992. The survey collects in-depth information on a variety of topics including income, household balance sheets, pensions, and health among many others. The goal of the HRS analysis is to determine whether parents pay down their mortgage, continue providing financial transfers, or work less after their children become financially independent. The sample consists only of households who remain intact or are continuously single throughout the entire observed period, work for pay at some point between 1992 and 2018, and are less than age 70 when first observed. This initial sample consists of 15,557 households. We drop households that could not be merged with administrative earnings data, leaving the analysis with 10,342 households. Households that were newly added to the HRS in 2016 or 2018 were also dropped because we cannot observe changes after children leave, resulting in a final sample of 9,481 households or 62,255 household wave observations.<sup>9</sup>

*Defining Children Leaving Home.* We consider three definitions identifying financially dependent children, following Dushi et al (2016). The first is having children that physically live at home, regardless of age. However, this first definition suffers from an important omission: children who have left the home but are residing at college. Since the purpose of identifying resident children is to provide a proxy for identifying households with financially dependent children, our second definition includes children who moved out of the household but are still in

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<sup>9</sup> The majority of newly added households were only observed in 1 wave. Only 1,000 out of 64,746 household-wave observations were dropped when excluding newly added households.

school. However, the second definition would include children who have moved out and become financially independent but then returned to school (i.e., graduate students). The third definition, therefore, excludes children in college if, in a prior interview, they were neither physically resident nor attending college, i.e., in the past they were likely to have been financially independent. Table 1 shows the distribution of households among categories by the definition of children leaving home.

### *Panel of Study of Income Dynamics*

One downside of the HRS is that it only includes households where at least one spouse is age 50 or over. To check if the main results hold when examining younger parents, we use data from the *PSID* to complement the main HRS analysis. Similar to the HRS, the *PSID* is a long-running panel survey that collect in-depth information on household income, balance sheets, pensions, expenditures, and health, among others.<sup>10</sup> The *PSID* has a few disadvantages relative to the HRS, including the lack of administrative earning and benefit links and higher sample attrition.<sup>11</sup> However, unlike the HRS, the *PSID* gathers household expenditure data so that both savings and spending may be measured directly.

Using the same definitions for children leaving home, Table 2 shows the distribution of households under each definition. A higher share of the *PSID* households fall into the first and second definition (children at home and children at home or in school). This pattern is not surprising because *PSID* households are younger than the HRS.

As in the case of the HRS, the *PSID* analysis focuses only on households that remain intact or are single throughout the observation period. The sample starts with 20,717 households who remain married or single through 1990-2017 observation period. After adjusting for households who worked at least once between 1990 and 2017 and data inconsistencies, the final sample consists of 10,809 households and 48,605 observations. Tables 3 and 4 present the demographic and socioeconomic characteristics of both our samples. Relative to the HRS sample, parents in the *PSID* are on average 10 years younger and have slightly lower earnings.

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<sup>10</sup> The *PSID* is the longest-running U.S. household panel survey, starting in 1968 with the goal of studying the dynamics of income and poverty. Since the survey's inauguration, more than 75,000 individuals have been interviewed. Up until 1997, the data were gathered annually; the survey is now conducted biennially.

<sup>11</sup> Bosworth and Smart (2009), Czajka and Denmead (2008 and 2012) and Chen et al (2018) found that while the *PSID* is relatively good at capturing household income and wealth, it sometimes lagged behind the HRS.

## Methodology

The analysis begins by using the 1992-2018 waves of the HRS to investigate whether households pay down their mortgage or other debts, provide financial transfers to their children, or reduce work and earnings after the children leave home. The same empirical strategy is repeated in the *PSID* to ensure the results are consistent when including younger parents.

Using the three definitions of children leaving home described above, the analysis determines whether households are adjusting components of a broader definitions of saving, components of a broader measure of consumption, or income after children leave home. The exercise runs the following fixed-effect equation:

$$Y_{it} = \alpha_i + \lambda_t + \beta_0 + \beta_1 K_{it} + \gamma X_{it} + \varepsilon_{it}, \quad i = 1 \dots N \quad t = 1 \dots T \quad (1)$$

where  $Y_{it}$  represents the different outcomes: 1) mortgage or other debts; 2) financial transfers, including tuition payments; and 3) hours worked or earnings. The independent variables include  $K_{it}$  which indicates if all of the children in a given household have left home at time  $t$ , and  $X_{it}$  which is a vector of socio-economic, demographic, and other control variables. To control for the potential biases resulting from any unobserved differences in household characteristics that may be correlated with both the outcome variables and the presence of children at home, the equation includes household fixed-effects, denoted by  $\alpha_i$ . The model also includes a time trend, denoted by  $\lambda_t$ , to control for the possibility that the outcome variables are simply increasing or decreasing over time, but not necessarily due to the children leaving home.

## Results

As discussed earlier, prior studies suggest that households reduce consumption yet do not increase their 401(k) savings when their children become independent. The results, presented in Tables 5 - 12, examine three potential explanations. While the results show both OLS and fixed-effect estimates, the discussion will focus on the fixed-effect results which focuses on *within* household changes and control for unobservable biases that could be correlated with the dependent variable and children leaving home.

### *Mortgage and Other Debts*

One reason for the seemingly conflicting behaviors is that retirement accounts are not the only ways that households can save; parents could also be paying off their mortgage or other forms of debt. Looking at patterns across households – as opposed to following households over

time – suggests that median mortgage payments among households with mortgages decline after their children leave (Figure 1). But the figure shows changes *across* households and not *within* households. The fixed-effect results, which estimates changes within households, are shown in the last three columns of Table 5. For all three definitions of financial independence, parents do not seem to be adjusting their mortgage payments after their children become independent.<sup>12</sup>

However, since the *HRS* is only conducted every two years, looking only at mortgage payments may not capture ad-hoc payments that households may be putting towards their house. To address the possibility of ad-hoc payments, we examine changes in mortgage debt before and after children become independent. In other words, if households follow the same repayment schedule before and after their children leave, the change in mortgage debt should be the same for each wave.<sup>13</sup> If instead, households make ad-hoc payments after their children are independent, the change in mortgage outstanding should be larger after their children leave, even if regular payments remain the same. Looking at just trends, a simple plot of median change in mortgage balance by year suggest that this is not happening – households are paying off their mortgage at the same rate regardless whether children are dependent or not (Figure 2). Coincidentally, the fixed-effect estimates confirm this story (Table 6). For the second and third definitions of financial independence, the reduction in mortgage debt remains the same before and after children leave. Interestingly, for the first definition of children leaving home, it seems that parents, on average, increase their mortgage debt after their children leave. This pattern may reflect the fact that the first definition counts all children not living at home, including college students, as independent. So, parents may be borrowing against their home to help with college expenses.

Finally, even if households are not paying down mortgage debt, they could be paying down other forms of debt. For example, if households have higher interest debt, they may want to pay that down first. Once again, the results show this is not the case (Table 7). Non-mortgage debt among parent households does not change after children become independent. The results are consistent across all three definitions of financial independence.

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<sup>12</sup> Households that have completed paid off their mortgage are not included in this fixed-effect equation and therefore not biasing the results with zeros.

<sup>13</sup> The amount of mortgage payment that is applied towards the principle is small at the beginning of the mortgage and higher at the end of the mortgage. Since, parents are likely observed near the end of the mortgage loans, changes in balance are assumed to be the change in debt payments.

Therefore, combined with findings from prior literature, the results in Tables 5-7 suggest that parents are not saving more via increased debt repayment once their children become independent.

### *Financial Transfers*

Another reason why consumption (narrowly defined) decreases and saving does not increase after children leave is that parents may still provide financial transfers for their children after they become financially independent.<sup>14</sup> Since traditional measures of consumption do not capture financial transfers, studies using consumption surveys might miss the continued financial expenditures parents take on behalf of their children, such as helping with rent, paying off student debt, or providing a down payment for a house. While transfers are certainly skewed towards wealthier parents, trends of transfers in the years leading up to financial independence financial support can reach about \$1,000 a year even for the median (Figure 3). Interestingly, median transfers seem to disappear after children become independent. The fixed-effect estimates in Table 8 confirm what is observed in the trends: financial transfers decrease by between \$1,020 - \$2,064 a year, depending on the definition of financial independence.

Parents may not be sending their children money after they leave home, but they could be providing financial support to other family members, such as aging grandparents. This pattern may be plausible since children may be leaving home just as grandparents may have additional care needs. To see if that was the case, we examine total financial transfers to all family members. The fixed-effect model once again does not find evidence of this. The results indicate that total financial transfers decreased by about \$858 - \$1,202 after children become financially independent (Table 9).

In short, the analysis shows that parents do not seem to be providing continued financial assistance to their children (or other family members) after they are grown. Hence continued support to children does not appear to solve the apparent conflict between declining consumption (narrowly defined) and the lack of additional saving once children leave home.

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<sup>14</sup> It is important to note financial transfers in this paper includes tuition payments.

### *Hours Worked and Earnings*

The only remaining option to square the circle, one that has not been explored in the literature, is that parents may opt for more leisure and less work after their children leave home. To examine this, we look at both hours worked as well as total household earnings from administrative earnings data.

Once again, examining trends of median total hours worked and household earnings across households suggest that parents are substituting more leisure for work through a reduction in hours worked and earnings after their children become independent (Figures 4 and 5). The pattern is consistent under all definitions of financial independence.

The fixed-effect model examines whether hours worked and earnings declined within households. Table 10 shows that parents do in fact reduce hours worked, under the second and third definitions of financial independence. Parents in the HRS, on average, work 2.2 fewer hours per week after children leave home (Table 10). Total household earnings also decline, either as a result of the reduction in hours or shifting to a less demanding lower paid job, by about \$2,500 a year (Table 11). Median household pre-retirement earnings are \$61,900, so this reduction is equivalent to a 3.3 percent reduction in earnings.<sup>15</sup>

With income down and savings virtually unchanged, parents are reducing consumption after children leave and thus need less to maintain the same standard of living.

### *PSID*

The results from the PSID, presented in Tables 12 – 17, are consistent with the HRS. Parents are not increasing payments to mortgage or other forms of debt after their children leave. Average adjustments to mortgage payments after children leave are small and not statistically significant in PSID (Table 12), just like in the HRS. The same is true for the percent change in mortgage debt as well as non-mortgage debt (Tables 13 and 14), confirming the finding in the HRS and prior literature that parents are not pay off debt more rapidly after children become independent.

The results for financial transfers among younger parents in the PSID also align with the results in the HRS. While the PSID does not allow us to separate transfers to children versus other relatives, we know from the HRS that transfers to children account for almost all

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<sup>15</sup> Biggs (2019) found a similar magnitude decline in consumption.

transfers.<sup>16</sup> Similar to HRS parents, total financial transfers among PSID parents decrease by about \$1,000 after children leave home (Table 15). Since the PSID also contains data on consumption, we directly examined whether consumption, broadly defined, decreases when children become independent. In line with prior studies, we found that consumption, broadly defined, decreases after children leave (Table 16). These results confirm that while the narrow definitions of consumption exclude financial transfers, these exclusions were not driving the results from prior literature that consumption among parent households declined after children leave.

Finally, the analysis examines whether parents in the PSID, who are on average 10 years younger, also substitute work for leisure by reducing hours worked or earnings after their children become independent. The results show that, despite being younger than the HRS sample, parents in the PSID are reducing the number of hours worked by about 0.7 hours a week (Table 17). In terms of earnings, the reduction in annual household earnings is between \$2,500-\$3,400 a year, depending on the definition of financial independence (Table 18).

The results from the PSID confirm the findings from the HRS and suggests that these results are not driven by the fact that parents in the HRS are older.

#### *What Does This Mean for Savings?*

The implications for savings of parents opting for more leisure is not obvious. A decline in income by itself would suggest lower savings, lower consumption, or a combination of the two. Our results, combined with prior literature, found no evidence of changes in parental savings but confirmed that consumption (both narrowly and broadly defined) is decreasing. The effect of decreased income and decreased consumption on savings will depend on how much parents reduce consumption relative to income.

The results show that consumption relative to income decreases by 6 percent after children leave (Table 19). A decline in consumption relative to income should result in more assets and greater net worth. However, household net worth to income ratios do not increase, leaving the issue unresolved, once again (Table 20-21). There are a few potential reasons why parents seem to be reducing consumption more than income but we observe no changes to savings or net worth.

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<sup>16</sup> Financial transfers include tuition payments.

First, financial independence can be hard to define and is more likely a process than an event. While the analysis examines three different definitions of financial independence, any dummy variable indicating financial independence will capture only part of this process.<sup>17</sup> Future work can attempt to better capture children's financial independence as a process.

Second, while we observe parents for an average of 8-10 years, this is split between the period when children are still dependent and the period when children are independent. This means that we are observing parents for about 4-5 years in each period before and after children leave. This time period, although not trivial, may not fully capture the behavior of parents. A longer observation period may be needed for conclusive results and can be addressed with future work.

Third, parents may also be shifting to non-traditional bridge jobs, which are less likely to have benefits such as a 401(k), once children move out.<sup>18</sup> Changes in job benefits, which are not reflected in earnings or hours, may impact how parents save. Future research could examine whether parents are shifting to non-traditional jobs and how job quality and benefits plays a role.

Finally, changes in net worth depend not only on saving rates but market conditions, which are not considered in the current analysis. Future work can attempt to estimate how market conditions can play a role.

## **Conclusion**

Whether parents adjust their consumption after their children leave home has important implications for our understanding of retirement income adequacy. Prior studies, using consumption data, have found that parents reduce consumption after their children become independent, allowing them to save more for retirement. Other studies, however, have found that savings for retirement does not increase. If households are both consuming less but not saving more after the children leave, where are the resources going?

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<sup>17</sup> We categorize parents as having financially independent children when all of them become financially independent. Parents with more than one child may have begun adjusting consumption or savings as each child gains some levels of independence. The results for changes in savings, consumption, or labor as each child leaves is consistent with the results in this paper. The magnitudes for changes in financial transfers, hours worked, and earnings after each child leaves is roughly half of what the current results show, reflecting that average households have about two children.

<sup>18</sup> Munnell, Sanzenbacher, and Walters (2020) found that roughly two-thirds of workers ages 50-62 have jobs without benefits, move in and out jobs with benefits, have weak attachment to the labor force, or just retire early.



This paper examines three ways to square the circle. The first is recognizing that households can save outside their retirement accounts such as paying down a mortgage or other forms of debt. However, the results show that households are not saving by paying down debt quicker after the children become independent. The second explanation is that parents may still be providing financial assistance to their children and these transfers are not typically marked as consumption. Yet, the results show that this is not the case – parents do not continue to provide money to children after they leave. Finally, the last explanation is that parents may opt for more leisure, which – with no increase in saving – would produce a decline in consumption. The results show that parents are in fact reducing the number of hours worked and earn about \$2,000 less per year after their children become independent.

The implications of lower earnings and lower consumption on retirement savings depend on how much parents reduce consumption relative to income. The results show that consumption relative to income decreases by 6 percent after children leave, however this does not translate into higher net worth. So once again the question of where do the resources go remain and we point to a few areas to extend the research. While the analysis does not completely resolve the apparent conflicting behaviors, understanding that a third dimension – changes in income – is at play can help future research on the topic.

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Table 1. *HRS: Number of Households by Children Residence Status, under Different Definitions of Residence*

	No children	Always independent	Never independent	Children become independent	Total
Definition 1	741	3,447	1,371	3,922	9,481
Definition 2	741	2,038	1,665	5,037	9,481
Definition 3	741	3,043	1,605	4,092	9,481

Source: Author's calculations from 1992-2018 waves (1-14) of the *Health and Retirement Survey* (HRS).

Table 2. *PSID: Number of Households by Children Residence Status, under Different Definitions of Residence*

	No children	Always independent	Never independent	Children become independent	Total
Definition 1	2,641	571	4,241	3,356	10,809
Definition 2	2,641	389	4,674	3,105	10,809
Definition 3	2,641	473	4,598	3,097	10,809

Source: Author's calculations from 1992-2017 waves of the *Panel Study of Income Dynamics* (PSID).

Table 3. *Descriptive Statistics for HRS Households*

	All	No children	Always independent	Never independent	Children become independent
Number of children	3.01	--	2.94	3.53	3.47
Age at first observation	55.4	54.4	57	54.4	54.8
Less than high school degree	15%	7%	16%	18%	15%
High school grad	33%	26%	37%	29%	33%
Some college	24%	23%	23%	25%	25%
College grad	27%	44%	24%	28%	27%
Non-Hispanic White	81%	86%	87%	65%	80%
Non-Hispanic Black	9%	6%	7%	13%	10%
Hispanic	7%	4%	4%	16%	7%
Other	3%	3%	2%	6%	3%
Household earnings (\$2018)					
Average	72,202	69,811	63,885	81,775	74,289
Median	55,451	51,821	48,028	64,146	58,315
Household income (\$2018)					
Average	88,754	80,635	83,781	95,517	91,530
Median	65,663	55,982	61,618	71,453	68,715
Household wealth (\$2018)					
Average	136,908	179,807	163,240	84,052	125,254
Median	19,941	31,387	27,706	9,843	17,494
Homeowner	82%	74%	83%	80%	84%
Has mortgage (if homeowner)	49%	45%	39%	63%	52%
Mortgage payment, non-zero (\$2018)					
Average	14,283	14,323	12,820	16,796	14,149
Median	12,350	12,728	10,986	14,439	12,249
Hours worked (if working)	34.7	30.1	30.7	41.9	36.4
Total outgoing transfers (\$2018)					
Average	2,799	1,244	2,177	3,160	3,372
Median	0	0	0	0	0
Observations	9,481	741	3,043	1,605	4,092

Source: Author's calculations.

Table 4. *Descriptive Statistics for Non-Retired PSID Households Over Age 35*

	All	No children	Always independent	Never independent	Children become independent
Number of children	1.53	--	1.28	2.45	2.06
Age at first observation	41.2	44.7	50.9	35.1	41.2
Less than high school degree	12%	12%	16%	13%	11%
High school grad	30%	28%	42%	31%	31%
Some college	22%	23%	16%	19%	24%
College grad	35%	37%	25%	36%	35%
Non-Hispanic White	73%	79%	70%	64%	74%
Non-Hispanic Black	14%	13%	16%	13%	15%
Hispanic	9%	5%	11%	18%	8%
Other	3%	2%	3%	5%	3%
Household earnings (\$2017)					
Average	74,574	62,446	67,249	82,301	78,538
Median	62,839	51,504	57,648	71,921	67,192
Household income (\$2017)					
Average	87,861	72,619	85,917	94,260	94,119
Median	73,698	57,800	75,048	81,184	80,429
Household wealth (\$2017)					
Average	76,908	93,479	98,644	49,773	77,379
Median	14,917	19,844	27,534	9,922	15,990
Homeowner					
Has mortgage (if homeowner)	73%	62%	59%	83%	76%
Mortgage payment, non-zero (\$2017)					
Average	15,282	13,760	14,112	17,061	15,082
Median	13,235	11,606	12,214	15,391	13,025
Hours worked (if working)	62.8	54.9	57.6	66.6	64.4
Total outgoing transfers (\$2017)					
Average	1,586	482	448	1,622	2,209
Median	0	0	0	0	0
Observations	10,809	2,641	473	4,598	3,097

Source: Authors' calculations.

Table 5. *HRS: Regression of Annual Mortgage Payments*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-1,461*** (169.5)	-1,139*** (160.0)	-1,288*** (165.1)	-361.3 (223.4)	-163.9 (181.0)	-102.2 (210.8)
No kids	-2,061*** (638.6)	-1,711*** (633.2)	-1,882*** (636.1)			
Race: Black	-657.1*** (237.2)	-653.4*** (238.2)	-657.9*** (238.4)			
Race: Hispanic	1,714*** (340.9)	1,826*** (339.3)	1,766*** (340.6)			
Age	235.8 (184.1)	165.9 (183.8)	225.5 (184.8)	151.0 (286.3)	122.2 (285.6)	119.3 (285.5)
Age squared	-2.569* (1.456)	-2.060 (1.453)	-2.476* (1.460)	-3.191** (1.612)	-2.994* (1.611)	-2.983* (1.621)
Educ: Less than high school	-3,825*** (301.6)	-3,745*** (302.1)	-3,764*** (301.8)			
Educ: High school graduate	-3,981*** (229.1)	-3,956*** (230.1)	-3,954*** (229.7)			
Educ: Some college	-2,226*** (223.0)	-2,221*** (223.8)	-2,209*** (223.4)			
Ln total income	3,452*** (240.6)	3,438*** (240.3)	3,444*** (240.5)	377.2*** (141.2)	379.2*** (141.3)	380.6*** (141.2)
Financial wealth	0.000452 (0.000282)	0.000421 (0.000282)	0.000427 (0.000280)	-0.000851 (0.000537)	-0.000854 (0.000537)	-0.000855 (0.000538)
Constant	-28,326*** (6,189)	-26,167*** (6,177)	-28,064*** (6,216)	11,019 (11,433)	11,880 (11,412)	11,982 (11,395)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	19,153	19,153	19,153	19,153	19,153	19,153
R-squared	0.230	0.228	0.229	0.142	0.142	0.142

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school.

All regressions also control for the HRS wave.

Source: Authors' calculations.

Table 6. *HRS: Regression of Percent Change in Mortgage Debt*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	0.00662 (0.0121)	-0.00176 (0.0122)	-0.00390 (0.0123)	0.0152 (0.0226)	0.00198 (0.0207)	-0.00780 (0.0235)
No kids	0.00345 (0.0392)	-0.00213 (0.0390)	-0.00362 (0.0392)			
Race: Black	0.0279 (0.0189)	0.0270 (0.0189)	0.0268 (0.0189)			
Race: Hispanic	0.00760 (0.0225)	0.00588 (0.0225)	0.00539 (0.0225)			
Age	-0.0263* (0.0158)	-0.0250 (0.0158)	-0.0246 (0.0159)	-0.0585** (0.0279)	-0.0566** (0.0277)	-0.0550** (0.0281)
Age squared	0.000191 (0.000121)	0.000182 (0.000121)	0.000179 (0.000122)	0.000378** (0.000162)	0.000365** (0.000160)	0.000354** (0.000162)
Educ: Less than high school	-0.0142 (0.0198)	-0.0145 (0.0198)	-0.0144 (0.0198)			
Educ: High school graduate	0.00174 (0.0141)	0.00223 (0.0141)	0.00240 (0.0142)			
Educ: Some college	0.00960 (0.0149)	0.0101 (0.0149)	0.0103 (0.0149)			
Ln total income	-0.00497 (0.00725)	-0.00507 (0.00728)	-0.00509 (0.00726)	-0.000523 (0.0123)	-0.000628 (0.0124)	-0.000703 (0.0123)
Financial wealth	-2.66e-08*** (8.22e-09)	-2.62e-08*** (8.18e-09)	-2.61e-08*** (8.14e-09)	-3.12e-08** (1.26e-08)	-3.10e-08** (1.26e-08)	-3.08e-08** (1.25e-08)
Constant	0.982* (0.526)	0.943* (0.524)	0.930* (0.527)	2.147 (1.584)	2.090 (1.576)	2.040 (1.589)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	12,815	12,815	12,815	12,815	12,815	12,815
R-squared	0.012	0.012	0.012	0.018	0.018	0.018

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*).

Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the HRS wave.

Source: Authors' calculations.



Table 7. HRS: Regression of Percent Change in Non-Mortgage Debt

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-0.187** (0.0828)	-0.132* (0.0775)	-0.161** (0.0805)	-0.129 (0.141)	-0.00233 (0.124)	-0.0493 (0.136)
No kids	-0.205 (0.207)	-0.153 (0.204)	-0.180 (0.206)			
Race: Black	-0.142 (0.102)	-0.143 (0.102)	-0.143 (0.102)			
Race: Hispanic	-0.305** (0.127)	-0.293** (0.127)	-0.300** (0.127)			
Age	0.178** (0.0805)	0.169** (0.0795)	0.177** (0.0806)	0.0745 (0.185)	0.0609 (0.183)	0.0669 (0.184)
Age squared	-0.00152** (0.000626)	-0.00146** (0.000619)	-0.00152** (0.000626)	-0.000585 (0.000928)	-0.000483 (0.000917)	-0.000530 (0.000933)
Educ: Less than high school	-0.127 (0.162)	-0.118 (0.163)	-0.122 (0.163)			
Educ: High school graduate	-0.167 (0.103)	-0.165 (0.103)	-0.163 (0.103)			
Educ: Some college	-0.179* (0.106)	-0.179* (0.106)	-0.177* (0.106)			
Ln total income	0.0367 (0.0424)	0.0364 (0.0423)	0.0361 (0.0423)	-0.0513 (0.0674)	-0.0514 (0.0673)	-0.0513 (0.0673)
Financial wealth	-1.13e-06** (5.51e-07)	-1.13e-06** (5.52e-07)	-1.13e-06** (5.51e-07)	-2.29e-06** (1.07e-06)	-2.29e-06** (1.08e-06)	-2.29e-06** (1.08e-06)
Constant	-5.116* (2.614)	-4.848* (2.586)	-5.135** (2.619)	4.671 (10.95)	5.019 (10.88)	4.869 (10.90)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	13,816	13,816	13,816	13,816	13,816	13,816
R-squared	0.122	0.122	0.122	0.128	0.128	0.128

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school.

All regressions also control for the HRS wave.

Source: Authors' calculations.

Table 8. *HRS: Regression of Net Financial Transfers to Children*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-2,432*** (230.2)	-3,237*** (284.5)	-3,224*** (226.9)	-1,020* (595.1)	-1,761*** (331.8)	-2,064*** (517.5)
Race: Black	-925.3* (194.3)	-1,053*** (192.4)	-1,032*** (194.8)			
Race: Hispanic	-911.8*** (338.5)	-1,027*** (336.6)	-1,075*** (339.1)			
Age	364.2* (207.5)	411.6* (214.0)	509.1** (208.0)	922.0** (439.3)	968.2** (456.6)	1,065** (443.7)
Age squared	-3.348** (1.588)	-3.546** (1.627)	-4.256*** (1.590)	-0.0804 (1.892)	-0.410 (1.881)	-1.237 (1.898)
Educ: Less than high school	-4,307*** (340.7)	-4,132*** (340.5)	-4,205*** (340.4)			
Educ: High school graduate	-4,452*** (311.5)	-4,277*** (309.1)	-4,319*** (308.8)			
Educ: Some college	-3,717*** (364.3)	-3,606*** (361.4)	-3,623*** (362.3)			
Ln total income	2,434*** (170.2)	2,387*** (172.7)	2,396*** (169.5)	1,295*** (196.7)	1,287*** (195.5)	1,295*** (195.3)
Financial wealth	0.00646*** (0.00195)	0.00646*** (0.00196)	0.00648*** (0.00196)	-0.000433 (0.00222)	-0.000418 (0.00222)	-0.000395 (0.00222)
Constant	-28,303*** (6,726)	-29,825*** (6,839)	-32,806*** (6,752)	-52,125*** (20,047)	-53,552*** (20,655)	-56,293*** (20,172)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	41,620	41,620	41,620	41,620	41,620	41,620
R-squared	0.050	0.052	0.052	0.005	0.006	0.006

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the HRS wave.

Source: Authors' calculations.

Table 9. HRS: Regression of Net Financial Transfers to All Relatives

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-1,355*** (112.6)	-1,678*** (100.6)	-1,700*** (106.1)	-858.0*** (180.6)	-1,064*** (150.1)	-1,202*** (175.4)
No kids	-3,675*** (237.1)	-3,702*** (231.1)	-3,838*** (234.4)			
Race: Black	-378.0*** (110.4)	-434.3*** (110.2)	-426.0*** (110.5)			
Race: Hispanic	-565.9*** (148.4)	-601.4*** (147.1)	-632.5*** (148.1)			
Age	-230.3** (104.5)	-215.3** (104.0)	-162.4 (104.0)	28.63 (209.5)	32.50 (208.6)	83.23 (208.7)
Age squared	1.333* (0.806)	1.289 (0.803)	0.906 (0.803)	1.970* (1.108)	1.950* (1.102)	1.502 (1.104)
Educ: Less than high school	-2,690*** (154.9)	-2,606*** (154.3)	-2,642*** (154.4)			
Educ: High school graduate	-2,442*** (144.2)	-2,366*** (143.7)	-2,385*** (143.6)			
Educ: Some college	-1,742*** (161.4)	-1,698*** (160.8)	-1,705*** (160.8)			
Ln total income	1,638*** (68.62)	1,618*** (68.36)	1,622*** (68.28)	682.9*** (86.75)	680.4*** (86.82)	685.8*** (86.80)
Financial wealth	0.00113*** (0.000247)	0.00113*** (0.000248)	0.00114*** (0.000250)	-8.66e-06 (0.000245)	-1.23e-05 (0.000242)	-2.21e-06 (0.000242)
Constant	-3,231 (3,377)	-3,761 (3,361)	-5,373 (3,362)	-7,965 (8,608)	-8,151 (8,580)	-9,573 (8,579)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	41,215	41,215	41,215	41,215	41,215	41,215
R-squared	0.096	0.099	0.099	0.016	0.017	0.017

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the HRS wave.  
Source: Authors' calculations.

Table 10. *HRS: Regression of Household Total Number of Hours Worked*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-1.157*** (0.343)	-1.702*** (0.332)	-2.057*** (0.340)	-0.973* (0.517)	-1.431*** (0.421)	-2.221*** (0.509)
No kids	3.350*** (1.173)	3.171*** (1.164)	2.807** (1.169)			
Single	-16.89*** (0.410)	-16.87*** (0.409)	-16.84*** (0.409)			
Homeowner	-0.578 (0.460)	-0.563 (0.459)	-0.584 (0.460)	0.645 (0.847)	0.660 (0.847)	0.666 (0.846)
Race: Black	0.0621 (0.449)	-0.0186 (0.449)	-0.0542 (0.449)			
Race: Hispanic	-0.563 (0.609)	-0.648 (0.609)	-0.751 (0.610)			
Age	-0.372 (0.344)	-0.333 (0.344)	-0.234 (0.345)	1.257** (0.613)	1.279** (0.613)	1.424** (0.614)
Age squared	-0.0104*** (0.00267)	-0.0106*** (0.00267)	-0.0113*** (0.00268)	-0.0154*** (0.00356)	-0.0156*** (0.00356)	-0.0168*** (0.00358)
Educ: Less than high school	-1.524** (0.618)	-1.431** (0.618)	-1.454** (0.618)			
Educ: High school graduate	-1.095** (0.466)	-0.996** (0.467)	-0.984** (0.466)			
Educ: Some college	-0.810* (0.464)	-0.746 (0.464)	-0.731 (0.464)			
Ln total income	10.39*** (0.352)	10.37*** (0.352)	10.37*** (0.352)	5.612*** (0.388)	5.607*** (0.388)	5.611*** (0.388)
Financial wealth	-5.88e-06*** (8.34e-07)	-5.88e-06*** (8.32e-07)	-5.85e-06*** (8.29e-07)	-1.49e-06* (7.82e-07)	-1.48e-06* (7.75e-07)	-1.45e-06* (7.70e-07)
Constant	2.777 (11.57)	1.510 (11.56)	-1.585 (11.58)	-7.848 (24.27)	-8.585 (24.26)	-12.76 (24.28)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	42,641	42,641	42,641	42,641	42,641	42,641
R-squared	0.301	0.301	0.301	0.269	0.269	0.269

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the HRS wave.  
*Source:* Authors' calculations.

Table 11. *HRS: Regression of Household Total Income*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-1,001 (874.2)	-3,333*** (837.6)	-3,345*** (856.2)	-2,483** (1,174)	-2,165** (943.4)	-2,479** (1,121)
No kids	-7,120** (2,930)	-8,424*** (2,911)	-8,675*** (2,924)			
Single	-42,387*** (873.5)	-42,241*** (875.0)	-42,239*** (874.9)			
Homeowner	23,170*** (900.1)	23,164*** (898.9)	23,132*** (899.1)	6,152*** (1,733)	6,210*** (1,737)	6,221*** (1,735)
Race: Black	-10,736*** (904.3)	-11,006*** (903.0)	-11,005*** (904.2)			
Race: Hispanic	-17,001*** (1,407)	-17,411*** (1,408)	-17,469*** (1,411)			
Age	515.7 (794.0)	742.0 (795.6)	835.3 (795.5)	4,806*** (1,248)	4,747*** (1,247)	4,843*** (1,251)
Age squared	-13.60** (6.109)	-14.95** (6.118)	-15.63** (6.116)	-36.68*** (6.846)	-36.23*** (6.861)	-37.06*** (6.877)
Educ: Less than high school	-70,251*** (1,302)	-70,035*** (1,304)	-70,121*** (1,303)			
Educ: High school graduate	-54,769*** (1,180)	-54,492*** (1,181)	-54,546*** (1,179)			
Educ: Some college	-37,790*** (1,282)	-37,604*** (1,282)	-37,631*** (1,281)			
Financial wealth	0.0319*** (0.00279)	0.0320*** (0.00280)	0.0320*** (0.00280)	0.00787*** (0.00237)	0.00789*** (0.00236)	0.00790*** (0.00236)
Constant	138,598*** (25,399)	130,902*** (25,457)	128,232*** (25,446)	-48,787 (50,500)	-47,345 (50,452)	-49,952 (50,581)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	40,255	40,255	40,255	40,255	40,255	40,255
R-squared	0.305	0.305	0.305	0.029	0.029	0.029

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*).

Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the HRS wave.

Source: Authors' calculations.

Table 12. PSID: Regression of Mortgage Payments

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-1,515*** (175.4)	-1,343*** (183.8)	-1,257*** (182.4)	-83.51 (210.9)	-81.99 (219.0)	-36.17 (221.7)
No kids	-1,772*** (178.2)	-1,580*** (176.9)	-1,558*** (177.5)			
Black	-402.0** (182.5)	-405.0** (182.1)	-400.5** (181.9)			
Hispanic	1,641*** (279.1)	1,613*** (280.7)	1,636*** (280.3)			
Age	71.45 (56.29)	20.57 (55.63)	19.82 (55.73)	469.9** (182.5)	466.4** (181.6)	466.2** (181.6)
Age squared	-2.540*** (0.526)	-2.125*** (0.522)	-2.128*** (0.522)	-4.654*** (0.806)	-4.630*** (0.802)	-4.623*** (0.802)
Educ: Less than high school	-4,429*** (236.9)	-4,406*** (236.1)	-4,413*** (236.3)	-208.8 (622.5)	-208.8 (622.4)	-207.9 (622.7)
Educ: High school degree	-4,209*** (166.8)	-4,215*** (166.3)	-4,216*** (166.3)	854.8 (629.3)	853.6 (629.1)	853.4 (629.4)
Educ: Some college	-2,165*** (178.2)	-2,183*** (178.3)	-2,183*** (178.3)	1,279** (503.1)	1,277** (502.9)	1,277** (503.2)
Ln income	4,547*** (219.3)	4,526*** (218.6)	4,531*** (218.6)	710.3*** (120.6)	708.5*** (120.6)	709.2*** (120.6)
Financial wealth	-0.00309*** (0.000507)	-0.00305*** (0.000507)	-0.00306*** (0.000507)	-0.000268 (0.000545)	-0.000264 (0.000544)	-0.000266 (0.000544)
Constant	-34,414*** (2,668)	-32,886*** (2,625)	-32,855*** (2,625)	-7,267 (7,176)	-7,147 (7,151)	-7,154 (7,147)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	29,827	29,827	29,827	29,827	29,827	29,827
R-squared	0.277	0.277	0.276	0.068	0.068	0.068

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.

Table 13. *PSID: Regression of Percent Change in Mortgage Debt*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-0.0177** (0.00794)	-0.00952 (0.00853)	-0.00934 (0.00851)	-0.000928 (0.0118)	0.0190 (0.0126)	0.0204 (0.0125)
No kids	-0.0162** (0.00786)	-0.0115 (0.00778)	-0.0115 (0.00778)			
Black	-0.0124 (0.00987)	-0.0126 (0.00989)	-0.0125 (0.00987)			
Hispanic	-0.0181 (0.0141)	-0.0174 (0.0141)	-0.0173 (0.0142)			
Age	0.00374 (0.00344)	0.00278 (0.00342)	0.00279 (0.00342)	0.0255** (0.0119)	0.0257** (0.0119)	0.0257** (0.0119)
Age squared	-6.20e-05* (3.42e-05)	-5.49e-05 (3.41e-05)	-5.49e-05 (3.41e-05)	-0.000237*** (4.60e-05)	-0.000238*** (4.65e-05)	-0.000238*** (4.65e-05)
Educ: Less than high school	-0.0362*** (0.0139)	-0.0361*** (0.0140)	-0.0362*** (0.0140)	-0.0311 (0.0523)	-0.0308 (0.0524)	-0.0300 (0.0523)
Educ: High school degree	-0.0178** (0.00711)	-0.0183** (0.00711)	-0.0183*** (0.00711)	-0.0190 (0.0351)	-0.0195 (0.0352)	-0.0197 (0.0351)
Educ: Some college	-0.00401 (0.00718)	-0.00449 (0.00718)	-0.00449 (0.00718)	-0.00694 (0.0268)	-0.00703 (0.0268)	-0.00712 (0.0268)
Ln income	0.0328*** (0.00589)	0.0327*** (0.00590)	0.0327*** (0.00590)	0.00811 (0.00958)	0.00852 (0.00957)	0.00853 (0.00957)
Financial wealth	-8.32e-08*** (2.24e-08)	-8.32e-08*** (2.24e-08)	-8.33e-08*** (2.24e-08)	-2.52e-08 (3.98e-08)	-2.54e-08 (3.98e-08)	-2.55e-08 (3.98e-08)
Constant	-0.437*** (0.103)	-0.411*** (0.102)	-0.411*** (0.102)	-0.703 (0.476)	-0.712 (0.474)	-0.711 (0.474)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	18,363	18,363	18,363	18,363	18,363	18,363
R-squared	0.026	0.026	0.025	0.023	0.023	0.023

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
*Source:* Author's calculations.

Table 14. PSID: Regression of Percent Change in Non-Mortgage Debt

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	0.00862 (0.0307)	0.00315 (0.0326)	0.0123 (0.0325)	0.00678 (0.0418)	-0.00782 (0.0432)	0.00460 (0.0432)
No kids	0.0130 (0.0294)	0.0101 (0.0287)	0.0140 (0.0287)			
Black	-0.0543* (0.0315)	-0.0544* (0.0315)	-0.0545* (0.0315)			
Hispanic	-0.0357 (0.0534)	-0.0362 (0.0534)	-0.0352 (0.0534)			
Age	0.0267** (0.0116)	0.0273** (0.0113)	0.0267** (0.0113)	0.0309 (0.0473)	0.0312 (0.0472)	0.0312 (0.0472)
Age squared	-0.000287*** (0.000108)	-0.000291*** (0.000107)	-0.000288*** (0.000107)	-0.000312* (0.000160)	-0.000316** (0.000159)	-0.000315** (0.000159)
Educ: Less than high school	-0.135*** (0.0396)	-0.135*** (0.0396)	-0.136*** (0.0396)	-0.327* (0.174)	-0.328* (0.174)	-0.327* (0.174)
Educ: High school degree	-0.0278 (0.0284)	-0.0275 (0.0283)	-0.0282 (0.0283)	-0.314** (0.132)	-0.313** (0.132)	-0.314** (0.132)
Educ: Some college	-0.0207 (0.0297)	-0.0205 (0.0297)	-0.0209 (0.0297)	-0.200* (0.110)	-0.200* (0.110)	-0.200* (0.110)
Ln income	-0.00266 (0.0174)	-0.00276 (0.0175)	-0.00242 (0.0175)	-0.00846 (0.0333)	-0.00848 (0.0333)	-0.00839 (0.0333)
Financial wealth	-2.82e-07*** (8.09e-08)	-2.82e-07*** (8.09e-08)	-2.82e-07*** (8.09e-08)	-2.47e-07 (2.44e-07)	-2.46e-07 (2.44e-07)	-2.47e-07 (2.44e-07)
Constant	-0.513 (0.346)	-0.528 (0.341)	-0.516 (0.341)	-0.330 (2.013)	-0.336 (2.011)	-0.338 (2.012)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	18,407	18,407	18,407	18,407	18,407	18,407
R-squared	0.012	0.012	0.012	0.011	0.011	0.011

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.



Table 15. PSID: Regression of Net Financial Transfers to All Relatives

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-898.9*** (102.8)	-1,835*** (98.74)	-1,887*** (98.33)	626.1*** (161.6)	-995.7*** (164.8)	-1,021*** (168.6)
No kids	-2,062*** (73.88)	-2,386*** (74.77)	-2,429*** (75.74)			
Black	-335.7*** (53.91)	-327.6*** (54.09)	-322.7*** (54.11)			
Hispanic	-647.5*** (80.91)	-784.7*** (82.43)	-773.5*** (82.07)			
Age	308.0*** (30.03)	330.7*** (30.32)	338.7*** (30.43)	437.2*** (84.82)	467.4*** (84.66)	467.8*** (84.71)
Age squared	-3.009*** (0.290)	-3.087*** (0.291)	-3.148*** (0.291)	-2.778*** (0.339)	-3.116*** (0.327)	-3.144*** (0.329)
Educ: Less than high school	-1,778*** (82.75)	-1,734*** (81.93)	-1,736*** (81.92)	495.0* (293.0)	449.9 (281.1)	442.3 (280.8)
Educ: High school degree	-1,749*** (82.28)	-1,702*** (81.01)	-1,695*** (80.89)	472.9 (347.9)	490.9 (332.7)	496.6 (332.1)
Educ: Some college	-1,320*** (92.95)	-1,285*** (91.72)	-1,276*** (91.56)	-144.9 (384.6)	-117.0 (371.0)	-114.0 (370.5)
Ln income	724.5*** (41.99)	686.4*** (40.64)	688.5*** (40.63)	264.5*** (52.63)	267.9*** (51.97)	270.5*** (52.01)
Financial wealth	0.00189*** (0.000356)	0.00193*** (0.000354)	0.00192*** (0.000354)	-0.00139 (0.00113)	-0.00137 (0.00113)	-0.00137 (0.00113)
Constant	-12,157*** (851.5)	-12,489*** (855.7)	-12,651*** (858.0)	-14,358*** (3,358)	-15,112*** (3,361)	-15,065*** (3,363)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	43,558	43,558	43,558	43,558	43,558	43,558
R-squared	0.093	0.102	0.103	0.011	0.013	0.013

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*).

Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.

Source: Author's calculations.

Table 16. PSID: Regression of Household Consumption

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-7,480*** (532.9)	-10,108*** (530.1)	-10,057*** (530.1)	-2,210*** (722.2)	-6,883*** (699.4)	-6,959*** (702.5)
No kids	-11,579*** (571.6)	-12,381*** (564.9)	-12,413*** (566.5)			
Race: Black	-423.2 (441.5)	-528.9 (439.2)	-527.6 (439.0)			
Race: Hispanic	1,849*** (704.6)	1,228* (710.3)	1,304* (709.2)			
Age	1,085*** (218.6)	997.4*** (214.6)	1,005*** (214.6)	4,139*** (635.0)	3,918*** (626.6)	3,919*** (627.7)
Age squared	-11.08*** (2.158)	-9.876*** (2.125)	-9.927*** (2.125)	-29.72*** (2.756)	-28.80*** (2.669)	-28.79*** (2.668)
Educ: Less than high school	-6,264*** (601.0)	-6,049*** (599.5)	-6,062*** (600.3)	2,784 (1,890)	2,929 (1,803)	2,877 (1,810)
Educ: High school degree	-7,565*** (478.3)	-7,414*** (474.9)	-7,395*** (474.9)	709.3 (1,498)	692.2 (1,418)	739.4 (1,419)
Educ: Some college	-4,693*** (512.8)	-4,606*** (509.0)	-4,594*** (508.9)	166.0 (1,299)	203.6 (1,249)	237.3 (1,250)
Single	-5,033*** (558.2)	-4,698*** (554.6)	-4,689*** (554.7)			
Homeowner	4,196*** (393.8)	4,259*** (391.7)	4,239*** (392.0)	5,436*** (694.9)	5,345*** (691.3)	5,303*** (690.9)
Ln total income	20,250*** (389.4)	20,028*** (385.9)	20,042*** (386.0)	10,138*** (541.4)	9,944*** (537.8)	9,958*** (537.3)
Financial wealth	0.0121*** (0.00326)	0.0124*** (0.00327)	0.0123*** (0.00327)	-3.15e-05 (0.00311)	0.000121 (0.00309)	0.000143 (0.00309)
Constant	-203,680*** (7,003)	-199,791*** (6,871)	-200,115*** (6,873)	-197,336*** (25,347)	-187,332*** (25,046)	-187,549*** (25,096)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	20,253	20,253	20,253	20,253	20,253	20,253
R-squared	0.513	0.519	0.519	0.162	0.170	0.170

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.

Table 17. PSID: Regression of Household Total Number of Hours Worked

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	1.920*** (0.361)	1.084*** (0.378)	1.200*** (0.375)	0.501 (0.529)	-0.764 (0.554)	-0.770 (0.558)
No kids	1.813*** (0.337)	1.303*** (0.335)	1.371*** (0.335)			
Black	-2.133*** (0.359)	-2.172*** (0.359)	-2.170*** (0.359)			
Hispanic	2.477*** (0.523)	2.438*** (0.524)	2.439*** (0.524)			
Age	2.635*** (0.121)	2.719*** (0.121)	2.711*** (0.121)	4.235*** (0.452)	4.259*** (0.453)	4.260*** (0.454)
Age squared	-0.0319*** (0.00116)	-0.0325*** (0.00116)	-0.0324*** (0.00116)	-0.0374*** (0.00229)	-0.0377*** (0.00229)	-0.0377*** (0.00229)
Educ: Less than high school	-1.151** (0.511)	-1.155** (0.512)	-1.158** (0.512)	-1.177 (1.972)	-1.217 (1.961)	-1.223 (1.960)
Educ: High school degree	1.312*** (0.338)	1.347*** (0.338)	1.337*** (0.338)	-0.644 (1.590)	-0.630 (1.578)	-0.626 (1.577)
Educ: Some college	1.635*** (0.339)	1.681*** (0.340)	1.671*** (0.340)	0.927 (1.384)	0.951 (1.377)	0.953 (1.377)
Single	-24.61*** (0.378)	-24.47*** (0.373)	-24.49*** (0.374)			
Homeowner	0.799** (0.335)	0.775** (0.334)	0.779** (0.334)	1.040* (0.569)	0.991* (0.568)	0.990* (0.568)
Ln total income	10.10*** (0.378)	10.13*** (0.379)	10.13*** (0.379)	7.505*** (0.523)	7.509*** (0.522)	7.511*** (0.522)
Financial wealth	-9.83e-06*** (9.57e-07)	-9.85e-06*** (9.59e-07)	-9.85e-06*** (9.59e-07)	-3.18e-06** (1.39e-06)	-3.17e-06** (1.39e-06)	-3.17e-06** (1.39e-06)
Constant	-99.21*** (4.889)	-101.8*** (4.823)	-101.5*** (4.823)	-131.8*** (17.57)	-132.4*** (17.60)	-132.3*** (17.60)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	43,558	43,558	43,558	43,558	43,558	43,558
R-squared	0.479	0.479	0.479	0.196	0.196	0.196

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*).

Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.

Source: Author's calculations.

Table 18. PSID: Regression of Household Total Income

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	1,293 (888.3)	-3,958*** (912.2)	-3,113*** (914.9)	2,716** (1,124)	-3,363*** (1,174)	-2,690** (1,186)
No kids	-7,376*** (864.3)	-9,571*** (846.1)	-9,274*** (849.8)			
Black	-8,373*** (678.4)	-8,519*** (678.9)	-8,499*** (678.9)			
Hispanic	-20,366*** (1,067)	-20,905*** (1,068)	-20,787*** (1,075)			
Age	3,285*** (338.3)	3,519*** (335.1)	3,496*** (335.1)	6,345*** (1,174)	6,359*** (1,188)	6,368*** (1,187)
Age squared	-33.22*** (3.365)	-34.52*** (3.342)	-34.44*** (3.343)	-61.48*** (5.923)	-61.97*** (5.922)	-62.09*** (5.922)
Educ: Less than high school	-45,586*** (964.3)	-45,341*** (963.2)	-45,394*** (964.6)	197.8 (3,057)	90.19 (3,045)	99.92 (3,048)
Educ: High school degree	-33,170*** (814.7)	-32,848*** (814.5)	-32,896*** (814.6)	1,335 (2,823)	1,420 (2,803)	1,433 (2,807)
Educ: Some college	-17,755*** (928.8)	-17,499*** (930.6)	-17,529*** (929.8)	-415.0 (2,909)	-203.7 (2,889)	-214.4 (2,892)
Single	-40,189*** (746.9)	-39,501*** (744.6)	-39,600*** (746.4)			
Homeowner	20,661*** (681.3)	20,574*** (682.7)	20,590*** (682.5)	6,641*** (1,227)	6,402*** (1,228)	6,427*** (1,227)
Financial wealth	0.0962*** (0.00334)	0.0962*** (0.00333)	0.0962*** (0.00333)	0.0202*** (0.00469)	0.0204*** (0.00468)	0.0203*** (0.00468)
Constant	22,898*** (8,297)	15,875* (8,205)	16,750** (8,210)	-81,085* (41,676)	-81,106* (42,296)	-81,121* (42,228)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	40,320	40,320	40,320	40,320	40,320	40,320
R-squared	0.413	0.413	0.413	0.042	0.042	0.042

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.

Table 19. PSID: Regression of Consumption Relative to Income

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-0.100*** (0.00997)	-0.0986*** (0.0102)	-0.0980*** (0.0102)	-0.0599*** (0.0135)	-0.0589*** (0.0143)	-0.0612*** (0.0149)
No kids	-0.126*** (0.0116)	-0.119*** (0.0114)	-0.119*** (0.0114)			
Race: Black	0.0543*** (0.0124)	0.0547*** (0.0124)	0.0547*** (0.0124)			
Race: Hispanic	0.201*** (0.0157)	0.198*** (0.0157)	0.199*** (0.0158)			
Age	-0.000390 (0.00375)	-0.00319 (0.00371)	-0.00313 (0.00371)	0.0329 (0.0210)	0.0302 (0.0209)	0.0301 (0.0209)
Age squared	8.28e-06 (3.62e-05)	3.29e-05 (3.60e-05)	3.24e-05 (3.60e-05)	-1.14e-05 (5.51e-05)	7.57e-06 (5.53e-05)	7.76e-06 (5.53e-05)
Educ: Less than high school	0.174*** (0.0176)	0.177*** (0.0177)	0.177*** (0.0177)	-0.00544 (0.0454)	-0.00497 (0.0451)	-0.00538 (0.0451)
Educ: High school degree	0.0658*** (0.00916)	0.0669*** (0.00917)	0.0671*** (0.00918)	0.0102 (0.0279)	0.00844 (0.0277)	0.00887 (0.0276)
Educ: Some college	0.0314*** (0.00993)	0.0313*** (0.00995)	0.0314*** (0.00995)	0.0199 (0.0217)	0.0186 (0.0215)	0.0189 (0.0215)
Single	0.134*** (0.0122)	0.134*** (0.0122)	0.134*** (0.0122)			
Homeowner	-0.0781*** (0.0105)	-0.0782*** (0.0105)	-0.0784*** (0.0105)	0.00778 (0.0187)	0.00783 (0.0186)	0.00743 (0.0186)
Financial wealth	-1.93e-07*** (2.50e-08)	-1.92e-07*** (2.50e-08)	-1.93e-07*** (2.50e-08)	-9.15e-08*** (2.84e-08)	-9.00e-08*** (2.83e-08)	-8.97e-08*** (2.83e-08)
Constant	0.584*** (0.0953)	0.652*** (0.0941)	0.650*** (0.0941)	-0.785 (0.853)	-0.706 (0.852)	-0.705 (0.851)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	20,253	20,253	20,253	20,253	20,253	20,253
R-squared	0.136	0.135	0.135	0.041	0.041	0.041

Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.

Table 20. *HRS: Regression of Household Net Worth Relative to Income*

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	1.869*** (0.429)	1.286** (0.579)	1.817*** (0.458)	-0.0613 (1.022)	-0.301 (1.258)	0.449 (1.288)
No kids	4.029*** (1.255)	3.559*** (1.294)	3.836*** (1.256)			
Race: Black	-2.027*** (0.520)	-2.069*** (0.520)	-2.039*** (0.515)			
Race: Hispanic	-0.526 (0.499)	-0.683 (0.505)	-0.570 (0.495)			
Age	-0.719 (1.338)	-0.629 (1.346)	-0.714 (1.333)	1.947 (1.676)	1.966 (1.671)	1.893 (1.688)
Age squared	0.0109 (0.0122)	0.0102 (0.0122)	0.0108 (0.0121)	-0.0193 (0.0147)	-0.0194 (0.0147)	-0.0189 (0.0148)
Educ: Less than high school	-1.441* (0.821)	-1.520* (0.836)	-1.521* (0.832)			
Educ: High school graduate	-0.502 (0.837)	-0.495 (0.863)	-0.548 (0.839)			
Educ: Some college	-1.185** (0.558)	-1.172** (0.565)	-1.216** (0.565)			
Homeowner	5.984*** (0.358)	5.912*** (0.351)	5.950*** (0.359)	3.461*** (0.889)	3.464*** (0.890)	3.460*** (0.891)
Constant	12.61 (38.14)	10.13 (38.42)	12.79 (37.96)	-50.81 (48.36)	-51.39 (48.25)	-49.14 (48.79)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	39,536	39,536	39,536	39,536	39,536	39,536
R-squared	0.005	0.005	0.005	0.001	0.001	0.001

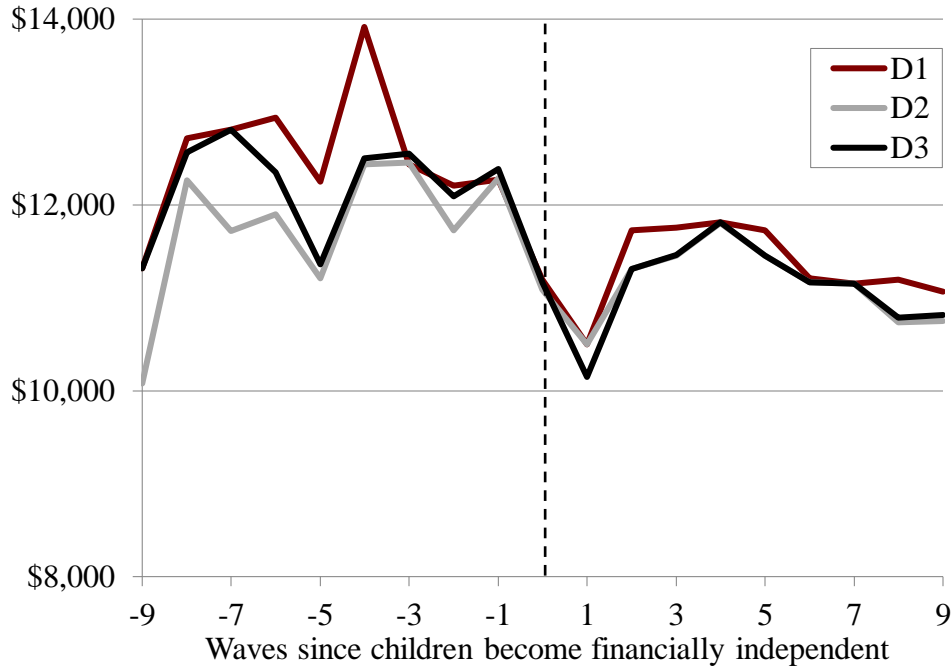
Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*).  
 Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
*Source:* Author's calculations.

Table 21. PSID: Regression of Household Net Worth Relative to Income

Variables	OLS			FE		
	D1	D2	D3	D1	D2	D3
Fin. independent children	-0.0292 (0.0817)	0.122 (0.0875)	0.118 (0.0871)	-0.249** (0.101)	0.0541 (0.112)	0.0353 (0.115)
No kids	0.497*** (0.0918)	0.568*** (0.0906)	0.567*** (0.0908)			
Race: Black	-0.821*** (0.0785)	-0.816*** (0.0784)	-0.817*** (0.0785)			
Race: Hispanic	-0.183** (0.0876)	-0.166* (0.0875)	-0.167* (0.0875)			
Age	-0.124*** (0.0370)	-0.132*** (0.0368)	-0.131*** (0.0368)	0.145 (0.224)	0.139 (0.224)	0.139 (0.224)
Age squared	0.00226*** (0.000376)	0.00230*** (0.000375)	0.00230*** (0.000375)	0.00110* (0.000631)	0.00117* (0.000634)	0.00117* (0.000634)
Educ: Less than high school	-0.972*** (0.0970)	-0.978*** (0.0971)	-0.977*** (0.0971)	0.192 (0.318)	0.189 (0.319)	0.190 (0.319)
Educ: High school degree	-0.532*** (0.0801)	-0.540*** (0.0802)	-0.540*** (0.0802)	-0.216 (0.288)	-0.226 (0.288)	-0.226 (0.288)
Educ: Some college	-0.354*** (0.0926)	-0.362*** (0.0926)	-0.362*** (0.0926)	-0.224 (0.312)	-0.236 (0.312)	-0.235 (0.313)
Single	0.195* (0.102)	0.173* (0.101)	0.174* (0.101)			
Homeowner	1.990*** (0.0720)	1.991*** (0.0720)	1.991*** (0.0720)	0.986*** (0.132)	0.994*** (0.132)	0.994*** (0.132)
Constant	2.251** (0.893)	2.463*** (0.886)	2.462*** (0.886)	-5.844 (8.211)	-5.699 (8.222)	-5.686 (8.220)
Household FE				Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Observations	23,365	23,365	23,365	23,365	23,365	23,365
R-squared	0.171	0.171	0.171	0.052	0.052	0.052

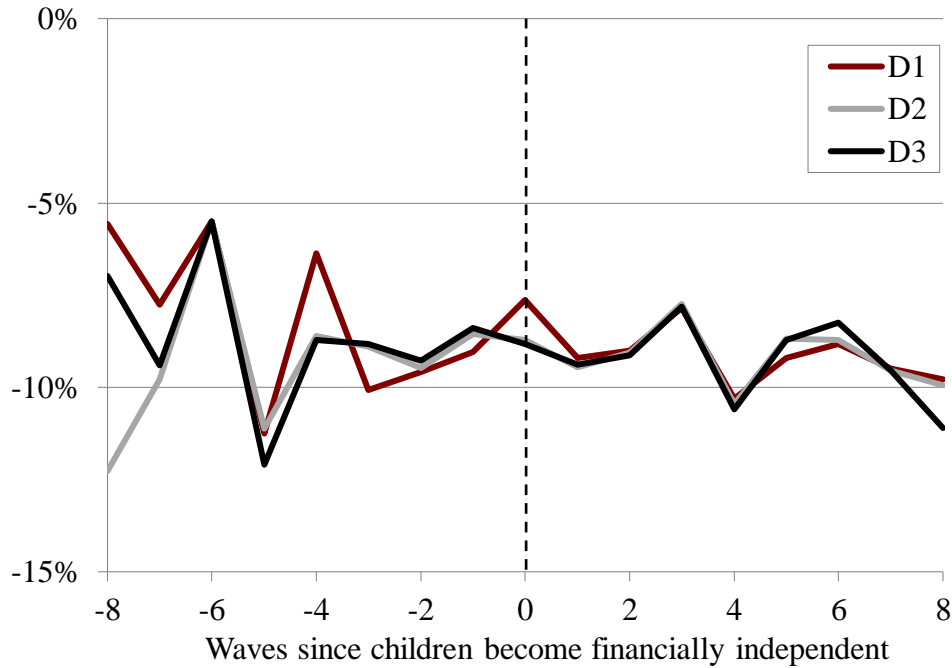
Notes: Significance is indicated to the 1-percent level (\*\*\*), 5-percent level (\*\*) and 10-percent level (\*). Definition 1 is having kids are physically living at home; Definition 2 is having kids physically living at home or in school; and Definition 3 is having kids physically living at home or in school and who never ceased living at home or school. All regressions also control for the PSID wave.  
Source: Author's calculations.

Figure 1. *Median Mortgage Payments for Households with Mortgages, by Wave Since Children Become Financially Independent*



Source: Authors' calculations.

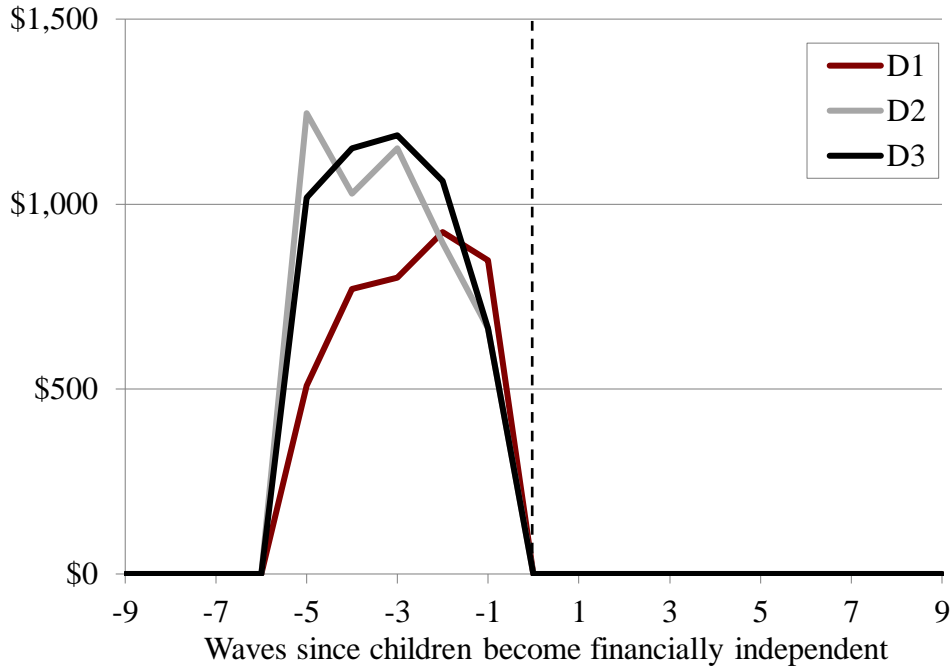
Figure 2. *Average Percent Change in Mortgage Debt, by Wave Since Children Become Financially Independent*



Source: Authors' calculations.

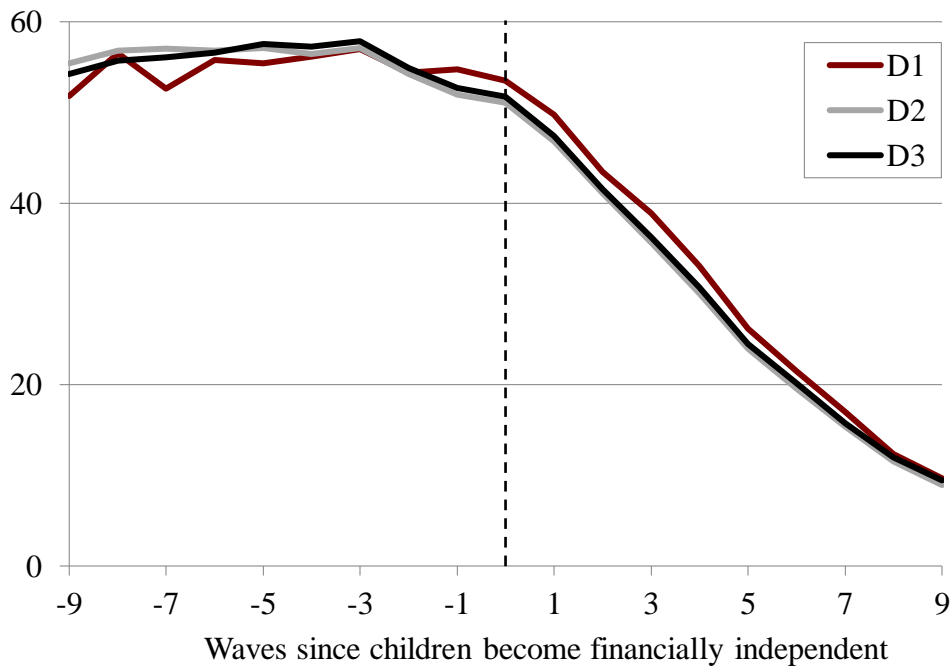


Figure 3. *Median Net Financial Transfers from Parents to Children, by Wave Since Children Become Financially Independent*



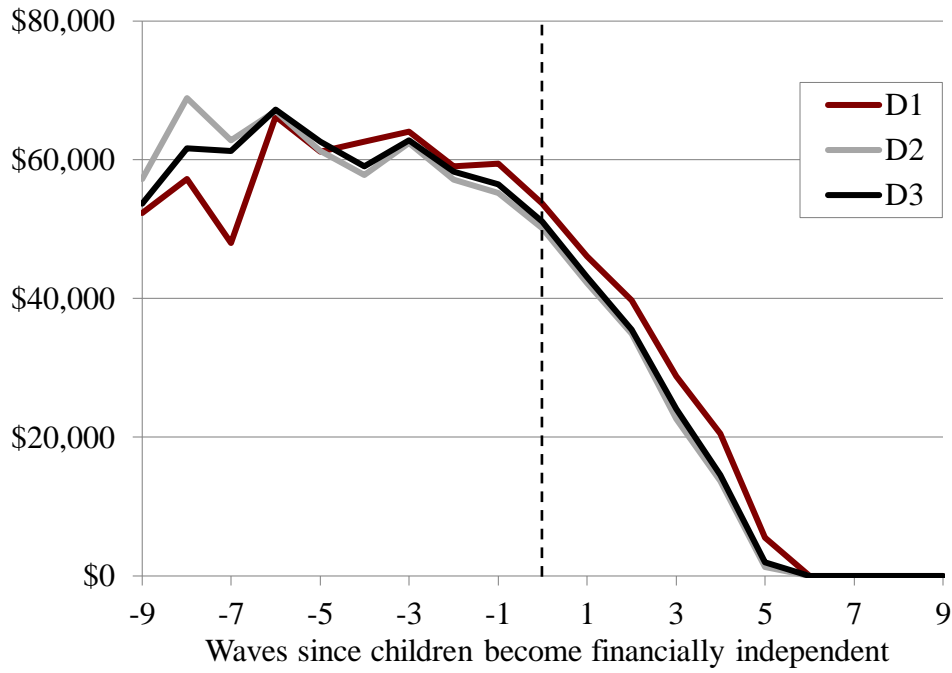
Source: Authors' calculations.

Figure 4. *Average Total Household Hours Worked, by Wave Since Children Become Financially Independent*



Source: Authors' calculations.

Figure 5. Average Total Household Earnings, by Wave Since Children Become Financially Independent



Source: Authors' calculations.

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