CENTER *for* RETIREMENT RESEARCH *at* BOSTON COLLEGE

HOW CAN SOCIAL SECURITY CHILDREN'S BENEFITS HELP GRANDPARENTS RAISING GRANDCHILDREN?

Siyan Liu and Laura D. Quinby

CRR WP 2023-9
June 2023

Center for Retirement Research at Boston College
Haley House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
Tel: 617-552-1762 Fax: 617-552-0191
https://crr.bc.edu

Siyan Liu is a research economist at the Center for Retirement Research at Boston College (CRR). Laura D. Quinby is a senior research economist at the CRR. The research reported herein was pursuant to a grant from the U.S. Social Security Administration (SSA) funded as part of the Retirement and Disability Research Consortium. The findings and conclusions expressed are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or Boston College. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of the contents of this report. Reference herein to any specific commercial product, process or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply endorsement, recommendation or favoring by the United States Government or any agency thereof. The authors thank Lingfei Liu and James Giles for excellent research assistance.

About the Center for Retirement Research

The Center for Retirement Research at Boston College, part of a consortium that includes parallel centers at the National Bureau of Economic Research, the University of Michigan, and the University of Wisconsin-Madison, was established in 1998 through a grant from the U.S. Social Security Administration. The Center's mission is to produce first-class research and forge a strong link between the academic community and decision makers in the public and private sectors around an issue of critical importance to the nation's future. To achieve this mission, the Center conducts a wide variety of research projects, transmits new findings to a broad audience, trains new scholars, and broadens access to valuable data sources.

Center for Retirement Research at Boston College
Haley House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
phone: 617-552-1762 Fax: 617-552-0191
https://crr.bc.edu

Affiliated Institutions:
The Brookings Institution
Mathematica – Center for Studying Disability Policy
Syracuse University
Urban Institute

Abstract

In 2020, around two million grandparents were responsible for the basic needs of their grandchildren, with grandparent care concentrated in historically disadvantaged communities. Despite being particularly vulnerable to financial insecurity, most grandparents are ineligible for formal support – such as subsidies for foster parents, housing assistance, and Social Security dependent child benefits – because they raise their grandchildren outside of the foster care system. Using the *Health and Retirement Study* and *American Community Survey*, this study documents how grandparent caregivers differ from typical grandparents in terms of time and money spent on grandchildren, demographic characteristics, and economic resources. It then evaluates how their finances would improve if eligibility for child benefits were aligned with the more lenient tax criteria for claiming a dependent grandchild.

The paper found that:

- Grandparent care is concentrated among single-female, Black, and Hispanic households.
- Although grandparent caregivers have more responsibility than typical grandparents, they have almost no personal savings.
- Around half of grandparent caregivers have claimed Social Security, and so would qualify for child benefits if the policy were changed.
- For these households, replacement rates would increase by 16 percentage points on average, with Black and Hispanic caregivers experiencing the greatest improvement.

The policy implications are:

- Expanding eligibility for dependent child benefits could be a useful tool for policymakers to reduce the financial strain of caregiving.
- In particular, child benefits would reach the most vulnerable households who do not file taxes.

Introduction

In 2020, around two million grandparents were responsible for the basic needs of their grandchildren, with grandparent care concentrated in historically disadvantaged communities.[1] Despite being particularly vulnerable to financial insecurity, most caregivers receive little formal support because they take responsibility for their grandchildren outside of the foster care system. Without legal custody, caregivers are often ineligible for state and federal programs, such as subsidies for foster parents, housing assistance, and – importantly – Social Security dependent child benefits. Instead, formal support for these caregivers comes primarily from the tax code: grandparents who file taxes can claim their grandchildren as dependents if the children reside in the household and the grandparents provide for them financially.

The goal of this study is to describe the status quo – how grandparent caregivers fare compared to typical grandparents – and then evaluate how expanding eligibility for child benefits would improve their financial well-being. Specifically, we use the *Health and Retirement Study* (HRS) and *American Community Survey* (ACS) to assess the prevalence of grandparent caregiving over time and by race/ethnicity. We then document how caregivers differ from typical grandparents in terms of time and money spent on grandchildren, demographic characteristics, and economic resources. Lastly, we evaluate how their finances would improve if eligibility for child benefits were aligned with the more lenient tax criteria for claiming a dependent grandchild.

We find that, although grandparent caregiving has decreased over time relative to the total population of grandparents, Black and Hispanic households are still more than twice as likely to be raising a grandchild as White households. Unsurprisingly, grandparent caregivers are in a vulnerable position. Despite having much more responsibility, both in terms of time and expenditures, they have lower educational attainment, are more likely to be single women, and have much less wealth – forcing them to rely heavily on Social Security in retirement.

Under current policy, Social Security child benefits may be awarded to the legal dependents of beneficiaries. We show that relaxing the adoption criterion would provide a new source of income to the 48 percent of caregivers who are themselves beneficiaries and whose

[1] U.S. Census Bureau (2020). While the opioid epidemic increased reliance on grandparent caregivers in white rural households, drawing national attention to the issue, many historically disadvantaged communities have long relied on grandparent care due to economic instability, incarceration, and tenuous immigration status (Anderson 2019; Fuller-Thomson and Minkler 2001; and Hayslip and Kaminski 2005).

grandchildren do not already receive child or survivor benefits. In this group, the median household's Social Security income would increase by 45 percent, and their replacement rate – income from all sources relative to pre-retirement earnings – would increase by 16 percentage points. Black and Hispanic caregivers, who start from a lower base and are more likely to be single, would see disproportionate gains under the new policy because.

The rest of the paper proceeds as follows. The next section provides background on trends in grandparent caregiving, the strain this responsibility places on households, and the sources of support currently available. The third section outlines the data and methodology used for the analysis. The fourth section presents results. The fifth section concludes that Social Security child benefits could be an important tool to improve well-being for a vulnerable group. However, these benefits also have limitations. In particular, many grandparents still would not qualify because caregiving often occurs before retirement.

Background

This section summarizes what is known about trends in grandparent caregiving before discussing the challenges faced by grandparents and the types of support available. Lastly, it describes the current rules governing Social Security child benefits.

Trends in Grandparent Caregiving

Although a rich and longstanding literature in sociology, social work, and public health has studied the challenges facing grandparent caregivers, data limitations have made it difficult to establish basic trends in the prevalence of caregiving. For instance, the U.S. Census Bureau did not begin collecting data on grandparents who have primary responsibility for the care of their grandchildren until the 2000 ACS.[2] Instead, research prior to 2000 largely focused on the living arrangements of grandchildren (i.e., the number of children living with grandparents) which may not always put grandparents in the caregiving role if the parents are also present.[3] Overall, this literature finds that the share of children living with grandparents increased

[2] One exception was the *National Survey of Families and Households*, which contains questions similar to the post-2000 ACS and was conducted in three waves between 1987 and 2003. See Fuller-Thomson Minkler, and Driver (1997) for details.
[3] Casper and Bryson (1998), Ellis and Simmons (2014), Fuller-Thomson, Minkler, and Driver (1997), Minkler (1999), and Saluter (1992).

modestly between 1990 and the early 2000s, and took off after the Great Recession.[4] While the early 1990s saw growth in the share of "skipped generation" households – families where grandchildren are living with grandparents without the parents present – this trend has flattened since then.[5] Most of the recent growth in children living with grandparents is concentrated in "three generation" households where at least one parent is present, which is consistent with the increasing share of young adults living in households headed by their parents.[6] As of 2014, 4.8 million grandchildren resided with their grandparents, representing 6.6 percent of all children under 18.

Meanwhile, the number of grandparent caregivers – defined as individuals ages 50 or older who are primarily responsible for the needs of their grandchildren for a six-month period or longer – displays a slightly different pattern. Specifically, the number of grandparent caregivers increased steadily after 2000 until peaking in the aftermath of the Great Recession (see Figure 1). Since then, the number of grandparent caregivers has gradually declined to about 1.2 million households in 2020. The growth in caregiving post 2000 was driven by White and Hispanic households, with the number of Black caregivers actually declining slightly (see Figure 2). Similarly to the trend of grandchildren living in skipped generation households, the number of grandparent caregivers in skipped generation households has been stable in recent decades.

However, the last two decades have also seen a dramatic increase in the number of older households as the Baby Boomers age into grandparenthood and retirement. Yet, no prior research has documented the likelihood of grandparent caregiving among all households ages 50 or older. Hence, the first goal of this paper is to establish whether grandparent caregiving is still on the rise after accounting for rapid growth in the over-50 population.

Challenges Facing Caregivers and Available Supports

Grandparents often enter the caregiving role following the loss of an adult child or significant life event such as an adult child's incarceration or substance abuse.[7] Unsurprisingly, given these circumstances, grandparent caregivers are more likely to experience both physical and mental health issues compared to non-caregivers of similar ages. For instance, grandparent

[4] U.S. Census Bureau (2015).
[5] Fuller-Thomson, Minkler, and Driver (1997), U.S. Census Bureau (2022).
[6] Mather et al. (2019).
[7] Hadfield (2014), Minkler (1999), and Pebley and Rudkin (1999).

caregivers experience higher rates of arthritis, hypertension, insomnia, pain, hearing problems, diabetes, and limitations with activities of daily living; research has also shown significant levels of psychological distress, especially symptoms of depression.[8]

Moreover, grandparent caregivers are particularly vulnerable to retirement insecurity. [9] The financial demands of raising grandchildren can drain savings, while time-consuming caregiving responsibilities create barriers to working longer and may force grandparents to retire early. Both of these financial stressors are compounded by the fact that grandchildren under these circumstances are more likely to require health services due to substance exposure and trauma. And, grandparents are raising grandchildren for longer periods of time than in the past, worsening financial strain.[10]

Yet, most grandparent caregivers receive little formal support because they take responsibility for their grandchildren outside of the foster care system and without legal adoption.[11] Legal proceedings are both costly and time-consuming; and, since the goal of all parties is often to reunite children with their parents as soon as possible, many grandparents are reluctant to take legal custody.[12] However, a lack of legal custody means that grandparent caregivers are typically ineligible for state and federal benefits, such as subsidies for foster parents, housing assistance, and counseling.[13] And while low-income families can also apply for child-only benefits provided by the Temporary Assistance for Needy Families program, doing so requires custodial parents (or grandparents) to assign their rights to child support from non-custodial parents to the state, in order to reimburse the program for the cost of providing benefits.[14] Indeed, fewer than one-tenth of grandparent caregivers actually claim TANF benefits, possibly also due to lagging benefit levels.[15]

Instead, federal support for grandparents comes primarily from the tax code; the Internal Revenue Service (IRS) permits grandparents to claim their grandchildren as dependents if the children live in the household for at least half of the year and the grandparents provide at least

---

[8] Bigbee et al. (2011); Carr, Hayslip, and Gray (2012); Hadfield (2014); and Harnett, Dawe, and Russell (2012).
[9] Fuller-Thomson, Minkler, and Driver (1997), Casper and Bryson (1998), Kolomer (2008), Backer, Silverstein, and Putney (2008).
[10] The share of grandparent caregivers holding this role for five years or longer rose from 37 percent in 2005 to 46 percent in 2018 (Advisory Council to Support Grandparents Raising Grandchildren 2021).
[11] Radel et al. (2016) and U.S. GAO (2020).
[12] Grandparents also cite a reluctance to involve the child's parents with state agencies.
[13] Malm, Sepulveda, and Abbott (2019) and U.S. GAO (2020).
[14] Center on Budget and Policy Priorities (2022).
[15] U.S. Department of Health and Human Services (2022); and Thompson, Azevedo-McCaffrey, and Carr (2023).

one-half of their support.[16] Yet, even this subsidy may not reach the most vulnerable households if they do not file taxes.

To address the financial strain of caregiving, the Supporting Grandparents Raising Grandchildren Act of 2018 created a Federal Advisory Council with participation from the U.S. Department of Health and Human Services (HHS) and the Department of Education.[17] The Council is currently developing a National Family Caregiving Strategy to identify policies to increase the financial security of family caregivers, including grandparents.

Social Security Dependent Child Benefits

Currently, Social Security provides child benefits to the legal dependents of beneficiaries, regardless of income.[18] Children receive survivor's benefits if their parents are deceased or, alternatively, one-half of their grandparent's Primary Insurance Amount (PIA) if the grandparent formally adopts them and certain other conditions are met. Specifically, the grandparent must be a Social Security beneficiary and have provided at least half of the child's support in the year before their own eligibility for benefits. Together with spousal benefits, child benefits are subject to a family maximum amount, which usually ranges from 150 to 180 percent of the grandparent's PIA. However, in 2002 – the most recent estimate – the share of grandparent caregivers receiving support from Social Security child benefits was only two percent.[19]

Unlike TANF benefits or the IRS tax deduction, Social Security child benefits cover a majority of the workforce and do not require grandparents to transfer child support rights. Hence, child benefits could become an important additional source of support were the guardianship requirement to be loosened. With this premise in mind, the goal of this study is to assess how Social Security child benefits could improve the financial well-being of grandparent caregivers.

---

[16] Revenue Procedure 2015-53.

[17] Top officials of HHS agencies, such as the Administration for Community Living and the Administration for Children & Families are required by law to participate. Other federal agencies include the Consumer Financial Protection Bureau, the Health Resources and Services Administration, the National Institute on Aging, and National Institutes of Health, among others.

[18] Additionally, children with disabilities are eligible for SSI. However, in 2004, only 0.6 percent of children in the care of grandparents received SSI (Murray, Ehrle, and Geen 2004).

[19] Murray, Macomber, and Green (2004).

Data and Methodology

This study uses the HRS linked with the SSA's administrative earnings data and *Master Beneficiary Record* (MBR), as well as the ACS, to identify grandparent caregivers and assess their financial well-being. The analysis proceeds in three stages. The first stage identifies grandparents who would qualify as caregivers under the IRS criteria and assesses how the prevalence of caregiving has evolved over time, by race/ethnicity, relative to the population of households over age 50. As noted above, the IRS criteria for claiming dependents require the children to live in the household for at least half of the year, and the grandparents to provide at least one-half of their support. The ACS is best suited for this exercise because it has a large sample and its questions about caregiving align closely with the IRS definition.[20] With trends in the ACS as a benchmark, we then switch to the HRS for the rest of our analysis.

The advantage of using the HRS is its rich information on household finances and Social Security benefits; however, it has a relatively small sample. We define caregivers in the HRS as those who report "raising" a grandchild residing in the household. While this definition is not exactly aligned with the IRS criteria, we find that, under this definition, the share of older households engaged in caregiving in the HRS closely tracks the ACS benchmark. Overall, our sample of caregivers includes 1,499 households who raised at least one grandchild between 2002 and 2020.[21]

Comparing Grandparent Caregivers to Other Grandparents

Having identified grandparent caregivers in the HRS, the second stage assesses how they differ from non-caregiving grandparents in terms of time and money spent on grandchildren, demographics, and economic resources. Since caregiving begins at different ages and is often not a long-term arrangement, we compare households when they first enter the HRS (at ages 51-56) and then again at later points in time (such as when Social Security benefits are claimed). For simplicity, we pick a representative caregiver in each household and track that person over time. For households that stay consistently married or single throughout the analysis period, we take the financial respondent as our reference person. For the 23 percent of grandparent-

[20] Specifically, the ACS asks: 1) Is a grandchild residing in the household? and 2) Does the grandparent provide for most of the child's basic needs?

[21] The HRS started asking households whether they are raising children in 1998, but lacked information about the intensity of care and financial transfers until 2002.

caregiver households that dissolve – due to divorce or death – between the entry wave and the conclusion of caregiving, we take the primary caregiver as our reference person (usually the grandmother).

For non-caregiving grandparents, the HRS asks about time and money spent on grandchildren, but the questions are somewhat limited. In terms of time, the survey asks whether the household spent more than 100 hours looking after grandchildren in the last two years. In terms of money, the HRS asks about transfers to children, but does not ask about direct transfers to grandchildren. Out of necessity, we assume that all transfers to children also benefit the grandchildren, at least indirectly.

We measure economic resources in terms of wealth: namely, financial wealth, retirement wealth, and Social Security.[22] We do not consider housing wealth because most older households do not tap into their home equity unless needed to fund long-term care.[23] Financial wealth includes assets in checking and other financial accounts minus non-mortgage debt. Retirement wealth measures the total balance in defined contribution (DC) retirement plans plus the expected present value of defined benefit (DB) plans. Respondents who report having a DC plan from their current or previous employer are asked for the account balance; DC wealth is simply the total balance of all accounts, plus any IRA accounts. DB wealth is based on self-reported estimates of pension income at the participant's expected retirement age.[24] We calculate the expected present value of lifetime benefits – assuming the worker retires at their expected age – weighted by cumulative annual survival probabilities and a discount rate:[25] We then pro-rate DB wealth to account for the gap between the respondent's current age and their expected retirement age. This pro-rating is based on self-reported years of tenure for past service and years from current age to expected retirement age for future service.

Similarly, Social Security wealth calculates the expected present value of retirement, spousal, and survivor benefits based on the respondent and spouse's earnings records. For

[22] For more detail on our wealth calculations, see Chen, Munnell, and Quinby (2023).
[23] Venti and Wise (2004) and Munnell et al. (2020).
[24] Respondents may not be fully aware of all the complexities of the pension benefit features and formulas associated with their plans. Therefore, the HRS also provides employer administrative data on the pension formulas, which can be evaluated using special software when combined with their earnings histories. However, these employer data cease in 2010. Gustman, Steinmeier, and Tabatabai (2010) compare self-reported values with those from the employer data. Their comparison reveals substantial misreporting but little evidence of systematic biases.
[25] As in Mitchell and Moore (1997) and Gustman, Steinmeier, and Tabatabai (2010). We use the Gustman-Steinmeier-Tabatabai (2010) pension values for waves 1-10.

simplicity, we use Social Security wealth variables available in the RAND HRS longitudinal file, assuming that everyone claims at age 62.[26] However, we adjust these variables slightly because the published version excludes Social Security wealth for individuals who are already claiming or above age 70. Moreover, the value of spousal and survivor benefits is also missing for workers whose spouse is already claiming.[27] Overall, these adjustments made the RAND Social Security wealth comparable to results from our own present value calculations based on the subset of households with linked administrative earnings records.[28] Of course, this measure does not include the value of Disability Insurance (DI) benefits, which might understate the resources currently available to grandparent caregivers if these households are more reliant on DI. Hence, our comparison of caregiver and non-caregiver households also considers claiming patterns for DI benefits.

Assessing the Impact of Expanding Access to Child Benefits

Lastly, the third stage examines how expanding access to Social Security child benefits would improve the well-being of grandparent caregivers. Since child benefits are only awarded to the dependents of beneficiaries, we observe each household in its last caregiving wave and limit the sample to households where at least one member has claimed Social Security retirement or disability. Focusing on the last caregiving wave maximizes the sample size because it allows as many caregivers as possible to age into eligibility for Social Security retirement benefits.

In addition, we focus on grandparents who have linked their survey data to the SSA's administrative records, and whose grandchildren are not already receiving child or survivor benefits. Unfortunately, the linked administrative data do not record benefits received by household members beyond the respondent and spouse. The HRS asks respondents about the total amount of unearned income received by other household members, including Social Security and TANF benefits. Overall, we find that 25 percent of our sample receives unearned income on behalf of other family members. We then assume that the unearned income comes from Social Security if grandchildren in-care are the only other household members living with

[26] For more details on the calculation of Social Security wealth in the RAND longitudinal file, see Fang and Kapinos (2016).
[27] Chen, Munnell, and Quinby (2023) provide a detailed explanation of the adjustment methodology.
[28] While spousal and survivor benefits can be calculated from linked administrative earnings and benefit records for a subset of the sample, a substantial percentage are missing information and would have required some form of imputation.

the respondent and spouse. Based on this restriction, we estimate that 13 percent of our sample already receives support from Social Security. However, this is likely a slight overestimate, since some grandchildren may be receiving other benefits such as TANF.

All together, these restrictions reduce our sample of caregivers from 1,499 households to only 454 beneficiary households with linked data who could potentially benefit from the policy change. The biggest drop in sample size occurs because only 697 of our caregiving households could be linked with the administrative earnings records and MBR. Of these, 454 receive Social Security retirement or disability while caregiving, but do not already receive child or survivor benefits. A concern is that this highly selected sample may not be representative of the broader population of grandparent caregivers. Fortunately, summary statistics shown in the next section reveal that they have similar demographic characteristics, economic resources, and caregiving patterns as the full sample.

Then, the analysis proceeds as follows. First, for each household, we use the administrative data to identify current income from Social Security retirement or disability benefits, adjusted to reflect the members' respective claiming ages and subsequent cost-of-living adjustments. Next, we estimate the households' counterfactual child benefits, which are equal to 50 percent of the highest-earner's Primary Insurance Amount, capped at a family maximum.[29] Lastly, we annuitize other financial resources (excluding housing) and calculate a replacement rate, with and without child benefits. We convert financial and retirement wealth into potential income assuming an actuarially fair annuity. The numerator of the replacement rate simply adds this potential income to Social Security income. The denominator is pre-retirement earnings, defined as the average of the highest five years of earnings after age 45 in the SSA administrative earnings file. Of course, this replacement-rate measure may overstate the value of Social Security child benefits because the numerator excludes other government transfers that the household could receive. However, the extent of such overstatement is unclear because additional Social Security income might also preclude households from receiving other means-tested benefits.

[29] Primary Insurance Amounts and family maximums are variables in the MBR.

Results

Figure 3 shows how the prevalence of grandparent caregiving has evolved over time in the ACS, by race/ethnicity. Overall, around 2 percent of households over the age of 50 are raising grandchildren.[30] As noted in prior literature, grandparents of color, particularly Black grandparents, are more likely to become caregivers. In 2020, only around 1 percent of White households over the age of 50 reported raising a grandchild, compared to three percent of Black and Hispanic households, respectively.

However, the trends over time paint a significantly different picture than prior research focused on the number of households rather than the share of households. In particular, the likelihood of caregiving has dropped considerably for non-White households. In 2002, when we begin our analysis, nearly 7 percent of older Black households and 5 percent of Hispanic households reported raising a grandchild. Despite having a smaller sample size, the HRS shows a similar pattern (see Figure 4).

How Do Caregivers Differ from Non-Caregiving Grandparents?

The next phase assesses how caregivers compare to more typical grandparents in terms of time and money spent on grandchildren, demographic characteristics, and economic resources. Turning to the intensity of caregiving, not surprisingly, we find that grandparent caregivers devote significantly more resources to their family – both in terms of time and money – than non-caregivers.

Specifically, grandparent caregivers raise their grandchildren for four years, on average, beginning in their late 50s (see Table 1). The timing and duration of caregiving vary across birth cohorts due to the structure of the HRS: for example, whereas members of the HRS cohort are first observed caregiving in their late 60s, members of the Late Boomer cohort are first observed caregiving in their early 50s (and cannot yet be observed in their late 60s). The most representative cohorts are the War Babies (born 1947-1947) and Early Baby Boomers (born 1948-1953). For these groups, caregiving begins in the late 50s, on average, and lasts for five to six years. Across all cohorts, 40 percent of grandparent caregivers raise multiple grandchildren.

In contrast, childcare responsibilities vary significantly among non-caregiving grandparents (see Table 2). Many provide relatively little childcare, with around half spending

[30] See Appendix Figure A1.

no more than 50 hours per year babysitting (or one hour per week maximum). Additionally, 59 percent of non-caregiving grandparents give money to their children. Counter to our expectations, grandparents who are personally involved are also more likely to help out financially: 69 percent of those who babysit for at least one hour per week give money to their children, compared to 47 percent of those who spend less time caregiving. Hence, time and money seem to be compliments rather than substitutes. Even more surprising, we find that a high share of grandparent caregivers – 43 percent – also make financial transfers to their children, in addition to raising their grandchildren. The median transfer amount for both groups is around $4,000 in real 2020 dollars.

Despite having more responsibility, grandparent caregivers start off financially vulnerable relative to non-caregivers. A first indication of this vulnerability is the overrepresentation of historically disadvantaged communities: grandparent caregivers in the HRS are 15 percentage points more likely to be Black, 10 percentage points more likely to be Hispanic, 10 percentage points less likely to have a college degree, and 9 percentage points more likely to be single women (see Table 3). Notably, 57 percent of Black caregivers are single grandmothers (see Table 4).

Unsurprisingly, grandparent caregivers also have significantly less wealth. When they first enter the HRS at ages 51-56, the median (net) value of their financial and retirement accounts is only $10,000 (see Table 5). In contrast, median personal savings for non-caregiving grandparents is $87,909 at those ages. Moreover, grandparent caregivers are 10 percentage points less likely to be homeowners, putting them more at-risk for housing instability and removing a source of equity that they could tap in an emergency. Tracking households to ages 65-66, we see that this resource gap grows larger over time. While non-caregivers accumulate wealth as they approach retirement, caregiving households have already started to draw down their savings.

Moreover, Black and Hispanic caregivers are financially disadvantaged relative to their White counterparts. Whereas the median White caregiver has $50,012 in financial and retirement accounts at ages 51-56, the median Black caregiver only has $273 and the median Hispanic caregiver has nothing (see Table 6). Ten years later, median White wealth has declined to $42,000 (a 16-percent drop), while Black wealth has dropped to a mere $45. Similarly, White caregivers are about 16 percentage points more likely to own their homes.

Although caregiving households also have less wealth from Social Security than non-caregivers, due to lower lifetime earnings, the program still provides substantial resources to both groups (see Table 7). Interestingly, nearly one-quarter of caregivers also receive DI at some point during our analysis period – twice the rate of non-caregivers – with DI particularly prevalent among Black caregivers (see Table 8). Overall, more than half of caregiving households receive Social Security retirement or disability income while raising their grandchildren. However, of these, around 10 percent already receive additional support from Social Security child or survivor benefits. Hence, expanding the eligibility criteria for child benefits could potentially help 48 percent of caregiving households, and 56 percent of Black caregiving households.

Impact of Expanding Access to Social Security Child Benefits

Turning now to the thought experiment, Table 9 presents summary statistics for the sample of grandparent caregivers with linked administrative data, in their last caregiving wave. This group largely resembles the caregiving population just described, although of course some characteristics are different. Most notably, the MBR data only contain records for individuals who have claimed Social Security benefits at some point, so the merged sample largely omits the Late Boomer cohort and is slightly older, in their last caregiving wave, than the full population of caregivers. Relatedly, they are more likely to have claimed Social Security retirement or disability benefits while caregiving (for a period of 3 years, on average). Within each racial/ethnic group they are also somewhat wealthier; however, the sample overall still has low levels of personal savings (the median balance in financial and retirement accounts is $5,466), and pre-retirement earnings are modest at $54,312 across all members of the household.

The first two rows of Table 10 show the amount of Social Security income received by caregiver beneficiaries, in their last caregiving wave, under different eligibility rules for child benefits. Under current rules, the median household in our sample receives $18,707 annually from Social Security in 2020 dollars. Relaxing the adoption criterion would increase this income by 45 percent on average. [31]

[31] Appendix Tables A1 and A2 show results under alternative assumptions about current receipt of child and survivor benefits – first assuming that no households receive these benefits, and then assuming that all households with unearned income on behalf of other family members receive these benefits. The results are robust across all specifications.

Importantly, Black and Hispanic caregivers would enjoy a disproportionate increase in income under the expanded eligibility rules (columns 2 through 4 of Table 9). Whereas White households would receive 42 percent higher benefits, Black and Hispanic households would receive 51 and 46 percent more respectively. The reason for this disparity is that Black caregivers are more likely to be single women, so the child benefit would increase the household's Social Security income by at least a full 50 percent. Caregivers who claim early or are caring for two or more grandchildren may experience an even greater increase in income.

Lastly, the bottom three rows of Table 9 show the impact on replacement rates. The expanded child benefit would increase the median caregiver's replacement rate from 47 percent to 63 percent. Again, Black and Hispanic households would see greater improvement compared to White households.

Conclusion

In many historically disadvantaged communities, grandparents must not only support themselves in retirement, but also raise and provide for their grandchildren. Yet, most grandparent caregivers receive no federal or state support because they do not take legal custody of the grandchildren in their care. In 2018, the Supporting Grandparents Raising Grandchildren Act created a Federal Advisory Council to identify policies that would improve the financial security of family caregivers, including grandparents.

The goal of this study is to assess how Social Security child benefits could play a role. Specifically, we conduct a thought experiment to determine how aligning the eligibility criteria for child benefits with the IRS rules for claiming a dependent grandchild would improve the financial well-being of grandparent caregivers. We find that around half of caregiving households would benefit from this policy change, and replacement rates for those affected would increase by 16 percentage points, on average. Importantly, Black and single households would enjoy a particularly large increase in income.

Of course, expanding access to child benefits also has limitations. In particular, many grandparents raise their grandchildren before retirement and so would not benefit from the policy. However, these limitations are counterbalanced by other advantages – most importantly, that child benefits would reach the most vulnerable households who do not file taxes. And, expanding access to child benefits would not currently pose an undue burden on Social

Security's finances. Assuming that caregiving rates persist at current levels, only around 1 percent of older households would ever qualify for enhanced child benefits, and these households would only receive the benefits for around 3 years, on average. Overall, these results suggest that Social Security child benefits could be a useful tool for policymakers to reduce the financial strain of caregiving, but should be viewed as a complement to other existing forms of support.

Additionally, the results raise interesting questions about the forces driving grandparent care over time. In particular, why is an increasingly small percentage of Black and Hispanic grandparents taking on a caregiving role? Is this downward trend likely to persist, or should policymakers expect a return to early 2000s conditions? Answering these questions is beyond the scope of our study – as they require a nuanced view of multigenerational family dynamics and child welfare policy – but they suggest avenues for future research across several disciplines, including economics, sociology, and social work, among others.

References

Advisory Council to Support Grandparents Raising Grandchildren. 2021. "Supporting Grandparents Raising Grandchildren (SGRG) Act, Initial Report to Congress."

Anderson, Lydia. 2019. "The Opioid Prescribing Rate and Grandparents Raising Grandchildren: State and County Level." SEHSD Working Paper 2019-04. Washington, DC: U.S. Bureau of the Census, Social, Economic, and Housing Statistics Division.

Baker, Lindsey A., M. Silverstein, and N. M. Putney. 2008. "Grandparents Raising Grandchildren in the United States: Changing Family Forms, Stagnant Social Policies." *J Soc Policy* 7:53-69.

Bigbee, J. L., B. Vander Boegh, M. Prengaman, and H. Shaklee. 2011. "Promoting the Health of Frontier Caregiving Grandparents: A Demonstration Project Evaluation." *Journal for Specialists in Pediatric Nursing* 16: 156-161.

Carr, Gloria F., Bert Hayslip, and Jennifer Gray. 2012. "The Role of Caregiver Burden in Understanding African-American Custodial Grandmothers." *Geriatric Nursing* 33(5): 366-374.

Casper, Lynne M. and Kenneth R. Bryson. 1998. "Co-resident Grandparents and Their Grandchildren: Grandparent Maintained Families." Working Paper No. 26. Washington, DC: U.S. Census Bureau, Population Division.

Center on Budget and Policy Priorities. 2022. "Temporary Assistance for Needy Families." *Policy Basics*. Washington, DC.

Chen, Anqi, Alicia H. Munnell, and Laura D. Quinby. 2023. "Why Do Late Boomers Have So Little Wealth and How Will Early Gen-Xers Fare?" Working Paper 2023-6. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Ellis, Renee R. and Tavia Simmons. 2014. "Coresident Grandparents and Their Grandchildren: 2012," Current Population Reports, P20-576. Washington, DC: U.S. Census Bureau.

Fang, Chichun and Kandice Kapinos. 2016. "Health and Retirement Study Prospective Social Security Wealth Measures of Pre-Retirees." Version 1.0. Ann Arbor, MI: Institute for Social Research.

Fuller-Thomson, Esme and Meredith Minkler. 2001. "American Grandparents Providing Extensive Child Care to Their Grandchildren: Prevalence and Profile." *The Gerontologist* 41(2): 201-209.

Fuller-Thomson, Esme, Meredith Minkler, and Diane Driver. 1997. “A Profile of Grandparents Raising Grandchildren in the United States.” *The Gerontologist* 37(3): 406-11.

Gustman, Alan L., Thomas L. Steinmeier, and Nahid Tabatabai. 2010. *Pensions in the Health and Retirement Study*. Cambridge, MA: Harvard University Press.

Hadfield, J. C. 2014. “The Health of Grandparents Raising Grandchildren: A Literature Review”. *Journal of Gerontological Nursing* 40: 32-42.

Harnett, P., S. Dawe, and M. Russell. 2012. “An Investigation of the Needs of Grandparents Raising Grandchildren.” *Child and Family Social Work* 19: 1-10.

Hayslip Jr., Bert and Patricia L. Kaminski. 2005. “Grandparents Raising Their Grandchildren: A Review of the Literature and Suggestions for Practice.” *Gerontologist* 45(2): 262-269.

Kolomer, Stacey. 2008. “Chapter 13; Grandparent Caregivers.” *Journal of Gerontological Social Work* 50: 321-344.

Malm, Karin, Kristin Sepulveda, and Sam Abbott. 2019. “Variations in the Use of Kinship Diversion Among Child Welfare Agencies.” *Issue Brief*. Bethesda, MD: Child Trends.

Mather, Mark, L. L. Jacobsen, A. Kilduff, K. M. Lee, and P. Pollard. 2019. “America’s Changing Population: What to Expect in the 2020 Census.” *Population Bulletin* 74(1).

Minkler, Meredith. 1999. “Intergenerational Households Headed by Grandparents: Contexts, Realities, and Implication for Policy.” *Journal of Aging Studies* 13(2): 199-218.

Munnell, Alicia H., Abigail N. Walters, Anek Belbase, and Wenliang Hou. 2020. “Are Homeownership Patterns Stable Enough to Tap Home Equity?” *The Journal of the Economics of Ageing* 17: 100277.

Murray, Julie, Jennifer Ehrle Macomber, and Rob Geen. 2004. “Estimating Financial Support for Kinship Caregivers.” Washington, DC: Urban Institute.

Pebley, Anne R. and Laura L. Rudkin. 1999. “Grandparents Caring for Grandchildren: What Do We Know?” *Journal of Family Issues* 20(2): 218-242.

Radel, Laura, Matthew Bramlett, Kirby Chow, and Annette Waters. 2016. “Children Living Apart from Their Parents: Highlights from the National Survey of Children in Nonparental Care.” Washington, DC: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

Saluter. Arlene F. 1992. "Marital Status and Living Arrangements: March 1991." *Current Population Reports Ser*ies P20-461. Washington, DC: U.S. Government Printing Office.

Thompson Gina A., Diana Azevedo-McCaffrey, and Da'Shon Carr. 2023. "Increases in TANF Cash Benefit Levels Are Critical to Help Families Meet Rising Costs." Policy Brief. Washington, DC: Center on Budget and Policy Priorities.

University of Michigan. *Health and Retirement Study*, 2002-2020. Ann Arbor, MI.

U.S. Census Bureau. *American Community Survey,* 2000-2020. Washington, DC.

U.S. Census Bureau. 2015. "Table CH-7. Grandchildren Under Age 18 Living in the Home of Their Grandparents: 1970 to 2014." Washington, DC. Available at: https://www2.census.gov/programs-surveys/demo/tables/families/time-series/children/ch7.xls

U.S. Census Bureau. 2020. "ACS 5-year Estimates Subject Tables S1002." Washington, DC. Available at: https://data.census.gov/cedsci/table?q=S1002&tid=ACSST5Y2020.S1002

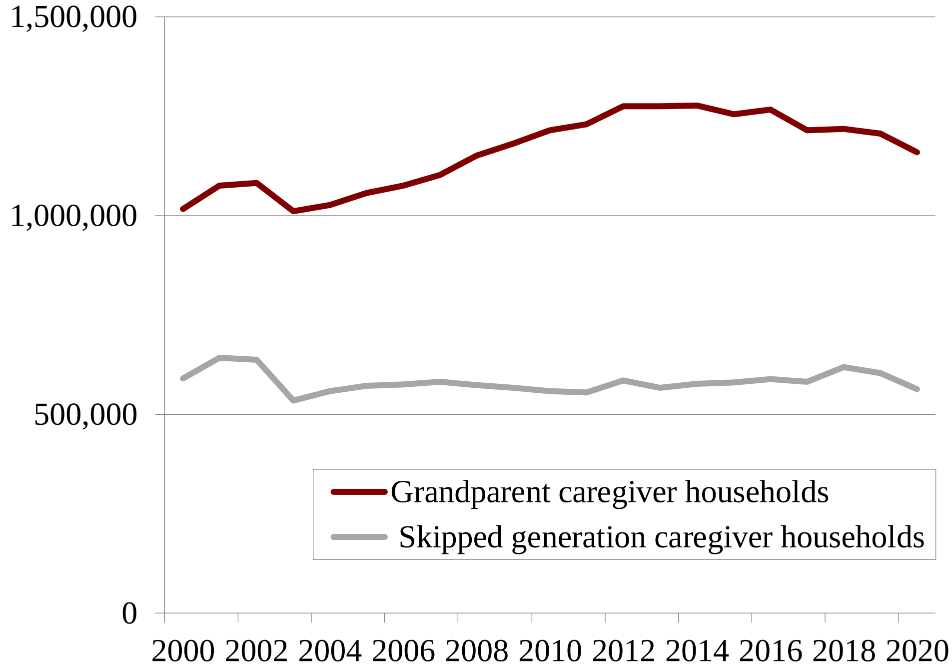
U.S. Census Bureau. 2022. "CH-1. Living Arrangements of Children Under 18 Years Old: 1960 to Present." Washington, DC. Available at: https://www2.census.gov/programs-surveys/demo/tables/families/time-series/children/ch1.xls

U.S. Department of Health and Human Services. 2022. "Characteristics and Financial Circumstances of TANF Recipients Fiscal Year (FY) 2019." Washington, DC. Available at: https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy19_characteristics_final.xlsx

U.S. Government Accountability Office. 2020. "HHS Could Enhance Support for Grandparents and Other Relative Caregivers." Washington, DC.

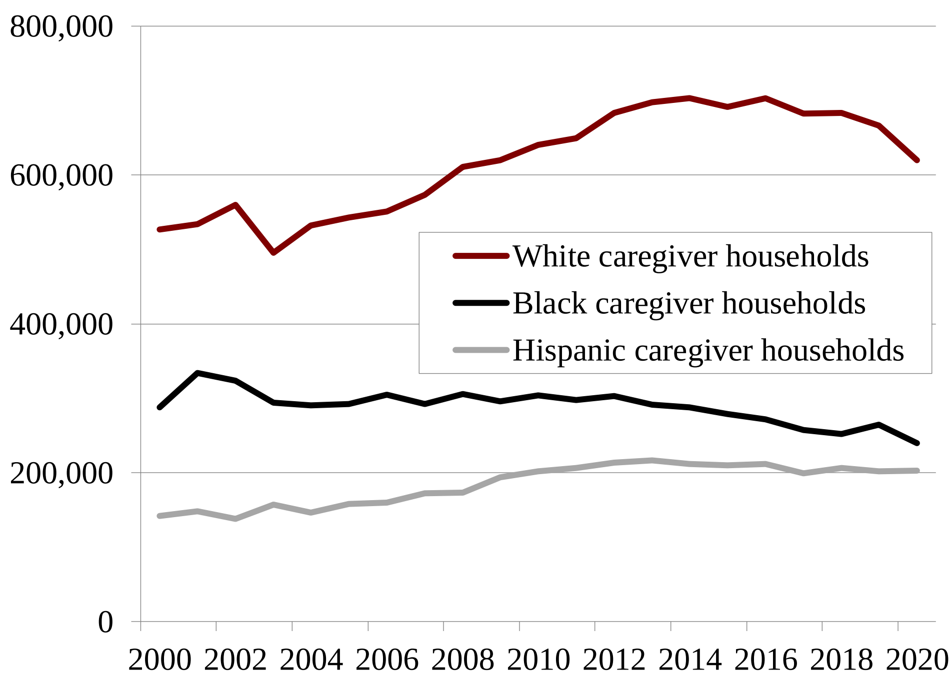
Venti, Steven F. and David A. Wise. 2004. "Aging and Housing Equity: Another Look." In *Perspectives on the Economics of Aging,* edited by David A. Wise, 127-180. Chicago, IL: University of Chicago Press.

Figure 1. *Number of Grandparent Caregiver Households by Parental Involvement, 2000-2020*



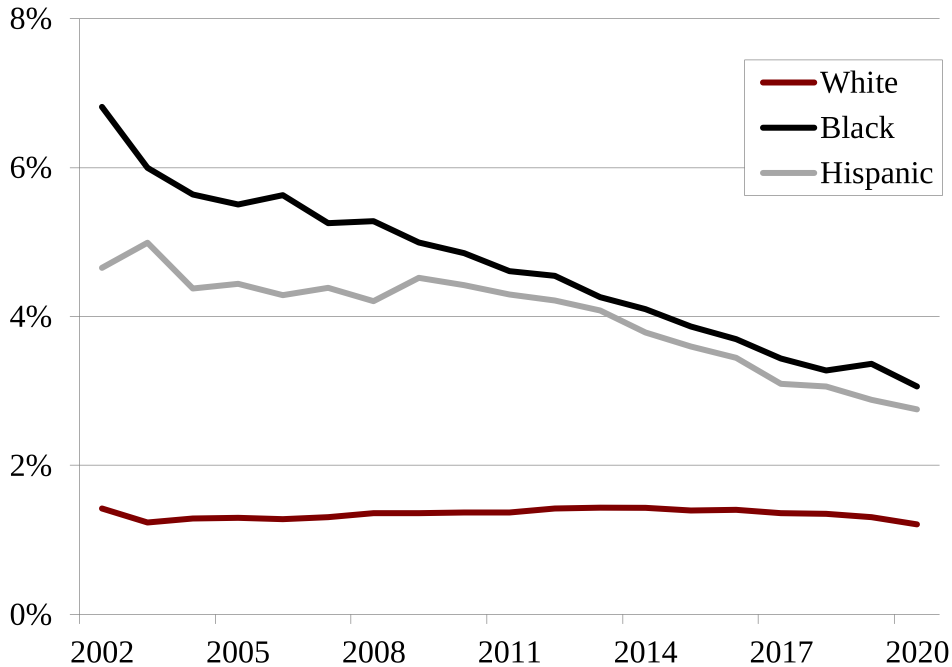
Notes: Grandparent caregiver households include those headed by individuals ages 50 or older. Skipped generation households are defined as grandparent caregiver households without any parent present.
Source: Authors' calculations from U.S. Census Bureau, *American Community Survey* (ACS) (2000-2020).

Figure 2. *Number of Grandparent Caregiver Households by Race/Ethnicity, 2000-2020*



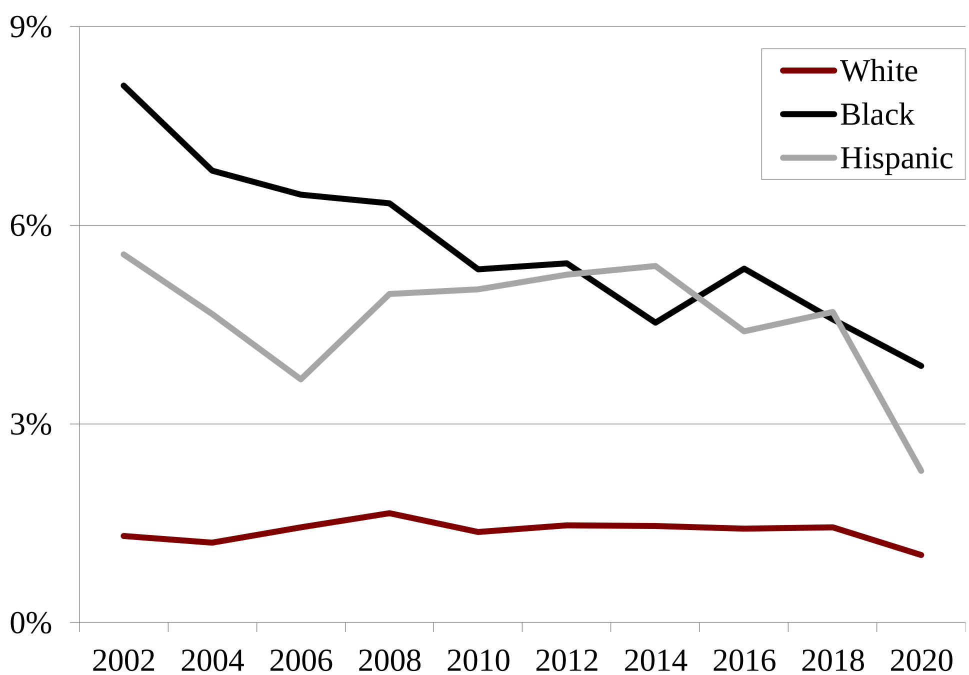
Note: Grandparent caregiver households include those headed by individuals ages 50 or older.
Source: Authors' calculations from the ACS (2000-2020).

Figure 3. *Share of Households Ages 50+ Raising a Grandchild in the ACS, by Race/Ethnicity, 2002-2020*



Source: Authors' calculations from the ACS (2002-2020).

Figure 4. *Share of Households Ages 50+ Raising a Grandchild in the HRS, by Race/Ethnicity, 2002-2020*



Source: Authors' calculations from University of Michigan, *Health and Retirement Study* (HRS) (2002-2020).

Table 1. *Caregiving Patterns Among Grandparent-Caregiver Households, by Race/Ethnicity 2002-2020*

	All caregivers	White	Black	Hispanic
Age when caregiving started	59.6	59.7	59.5	59.3
Duration of caregiving	4.2	4.1	4.6	4.3
Caring for one grandchild	60%	64%	58%	51%
Caring for two or more grandchildren	40	36	42	49

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020.
Source: Authors' calculations from the HRS (2002-2020).

Table 2. *Caregiving Intensity and Financial Transfers to Children Among Grandparent Households, 2002-2020*

	Non-caregivers			Caregivers
	All	Spend at least 1hr/wk caregiving	Spend less than 1hr/wk caregiving	
Spend more than 1hr/wk caregiving	52%	-	-	100%
Ever observed making a financial transfer to children	59	69%	47%	43
Median transfer amount	$4,140	$4,313	$3,804	$3,606

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Non-caregiver households include those with at least one grandchild between 2002 and 2020. The average transfer amount is based on the average over time for those who ever made a financial transfer to children.
Source: Authors' calculations from the HRS (2002-2020).

Table 3. *Demographic Characteristics of Grandparent Households, by Caregiver Status, 2002-2020*

Characteristic	Caregivers	Non-caregivers
Black	26%	11%
Hispanic	19	9
College degree or above	39	49
Married	56	59
Single female	38	29
Single male	6	12

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Non-caregiver households include those with at least one grandchild between 2002 and 2020. Marital status reflects the primary caregiver at age 65/66.
Source: Authors' calculations from the HRS (2002-2020).

Table 4. *Demographic Characteristics of Grandparent-Caregiver Households, by Race/Ethnicity, 2002-2020*

	All caregivers	White	Black	Hispanic
College degree or above	39%	47%	39%	21%
Married	56	66	38	57
Single female	38	28	57	37
Single male	6	6	5	6

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Non-caregiver households include those with at least one grandchild between 2002 and 2020. Marital status reflects the primary caregiver at age 65/66.
Source: Authors' calculations from the HRS (2002-2020).

Table 5. *Economic Resources Among Grandparent Households, by Caregiver Status, 2002-2020, in 2020 Dollars*

	Caregivers	Non-caregivers
At ages 51-56:		
Non-Social Security financial and retirement wealth (median)	$10,001	$87,909
Homeowner	66%	76%
At ages 65-66:		
Non-Social Security financial and retirement wealth (median)	$5,000	$124,000
Homeowner	65%	74%

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Non-caregiver households include those with at least one grandchild between 2002 and 2020.
Source: Authors' calculations from the HRS (2002-2020).

Table 6. *Economic Resources Among Grandparent Caregiver Households, by Race/Ethnicity, 2002-2020, in 2020 Dollars*

	All caregivers	White	Black	Hispanic
At ages 51-56:				
Non-Social Security financial and retirement wealth (median)	$10,001	$50,012	$273	$0
Homeowner	66%	78%	52%	54%
At ages 65-66:				
Non-Social Security financial and retirement wealth (median)	$5,000	$42,000	$45	$0
Homeowner	65%	76%	49%	56%

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020.
Source: Authors' calculations from the HRS (2002-2020).

Table 7. *Social Security Wealth and Claiming Patterns Among Grandparent Households, by Caregiver Status, 2002-2020, in 2020 Dollars*

	Caregivers	Non-caregivers
Social Security wealth at ages 51-56 (median)	$172,535	$198,605
Median OASI claiming age	62.2	62.6
Ever observed receiving DI	24%	11%
Receive OASDI benefits while caregiving	53	-
Receive OASDI benefits while caregiving and do not already receive child or survivor benefits	48	-

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Non-caregiver households include those with at least one grandchild between 2002 and 2020. Receipt of DI and OASI benefits can occur after caregiving has ended. Since most Late Boomers are below age 60 in 2020, almost none have claimed OASI benefits by the end of our analysis period.
Source: Authors' calculations from the HRS (2002-2020).

Table 8. *Social Security Wealth and Claiming Patterns Among Grandparent Caregiver Households, by Race/Ethnicity, 2002-2020*

	All caregivers	White	Black	Hispanic
Social Security wealth at ages 51-56 (median)	$172,535	$199,310	$127,206	$128,946
Median OASI claiming age	62.2	62.3	62.2	62.1
Ever observed receiving DI	24%	18%	32%	18%
Receive OASDI benefits while caregiving	53	49	60	52
Receive OASDI benefits while caregiving and do not already receive child or survivor benefits	48	43	56	4%

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. Receipt of DI and OASI benefits can occur after caregiving has ended. Since most Late Boomers are below age 60 in 2020, almost none have claimed OASI benefits by the end of our analysis period.
Source: Authors' calculations from the HRS (2002-2020).

Table 9. *Summary Statistics for the Merged Sample in the Last Caregiving Wave, 2002-2020, in 2020 Dollars*

	All caregivers	White	Black	Hispanic
Panel A. Demographics and caregiving patterns				
Age	68	69	68	68
Married	55%	58%	42%	59%
Caring for one grandchild	72	74	73	62
Duration of care	5.2	5.0	5.7	5.2
Duration of benefit claiming while caregiving	3.5	3.3	3.8	3.8
Panel B. Non-Social-Security economic resources				
Financial and retirement wealth	$5,466	$69,686	$481	$0
Homeowner	63%	75%	41%	55%
Pre-retirement earnings	$54,312	$74,616	$40,009	$42,874
Receiving other government transfers	32%	27%	41%	38%
Panel C. Social Security claiming patterns				
Claiming retirement or spousal benefits	74%	77%	73%	72%
Among them, share claiming early	71	71	72	76
Receiving child or survivor benefits	12	13	11	11
Receiving DI benefits	14	10	16	17
Eligible for child benefits	89	85	93	94

Source: Authors' estimates from the HRS (2002-2020).

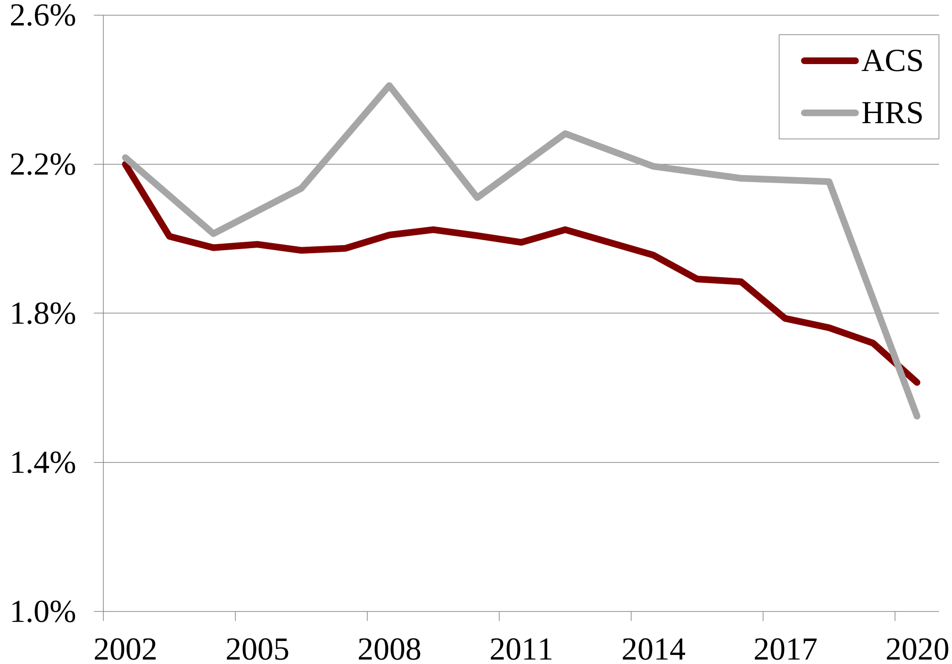
Table 10. *Effect of Expanding the Eligibility for Social Security Child Benefits, in 2020 Dollars*

	All caregivers	White	Black	Hispanic
Panel A. Median Social Security income				
Current income	$18,707	$21,705	$14,897	$17,017
Potential child benefits	8,406	9,129	7,670	7,898
Percent increase	45%	42%	51%	46%
Panel B. Median replacement rate				
Current replacement rate	47%	49%	41%	42%
Counterfactual replacement rate	63	63	57	65
Percentage-point increase	16	14	16	23

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020.
Source: Authors' calculations from the HRS (2002-2020).

Appendix

Figure A1. *Share of Households Ages 50+ Raising a Grandchild in the ACS and HRS, 2002-2020*



Sources: Authors' calculations from the ACS (2002-2020) and HRS (2002-2020).

Table A1. *Effect of Expanding the Eligibility for Social Security Child Benefits, in 2020 Dollars, Assuming All Caregivers Are Eligible*

	All caregivers	White	Black	Hispanic
Eligible for child benefits	100%	100%	100%	100%
Panel A. Median Social Security income				
Current income	$18,707	$21,705	$14,897	$17,017
Potential child benefits	9,658	10,950	8,320	8,358
Percent increase	52%	50%	56%	49%
Panel B. Median replacement rate				
Current replacement rate	46%	47%	41%	41%
Counterfactual replacement rate	64	64	57	65
Percentage-point increase	19	16	16	24

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020. This analysis assumes that all caregiving (beneficiary) households are eligible for child benefits.
Source: Authors' calculations from the HRS (2002-2020).

Table A2. *Effect of Expanding the Eligibility for Social Security Child Benefits, in 2020 Dollars, Assuming Only Households Without Unearned Income Are Eligible*

	All caregivers	White	Black	Hispanic
Eligible for child benefits	76%	71%	83%	82%
Panel A. Median Social Security income				
Current income	$18,707	$21,705	$14,897	$17,017
Potential child benefits	7,277	7,882	6,921	6,703
Percent increase	39%	36%	46%	39%
Panel B. Median replacement rate				
Current replacement rate	47%	49%	41%	42%
Counterfactual replacement rate	60	61	56	60
Percentage-point increase	13	13	15	18

Notes: Grandparent caregivers are defined as households raising grandchildren between 2002 and 2020.
This analysis assumes that households only receive child benefits if they do not currently receive unearned income on behalf of other household members (besides the respondent and spouse).
Source: Authors' calculations from the HRS (2002-2020).

<u>Recent Working Papers from the Center For Retirement Research at Boston College</u>

Forward-Looking Labor Supply Responses to Changes in Pension Wealth: Evidence from Germany
Elisabeth Artmann, Nicola Fuchs-Schündeln, and Giulia Giupponi, June 2023

What Factors Explain the Drop in Disability Insurance Rolls from 2015 to 2019?
Siyan Liu and Laura D. Quinby, May 2023

Why Do Late Boomers Have So Little Wealth and How Will Early Gen-Xers Fare?
Anqi Chen, Alicia H. Munnell, and Laura D. Quinby, May 2023

The Importance of Schools in Driving Children's Applications for Disability Benefits
Michael Levere, Jeffrey Hemmeter, and David Wittenburg, March 2023

Does the Drop in Child SSI Applications and Awards During COVID Vary by Locality?
Michael Levere, Jeffrey Hemmeter, and David Wittenburg, March 2023

What Factors Drive Racial Disparities in Housing Wealth Accumulation?
Siyan Liu and Laura D. Quinby, March 2023

What Matters for Annuity Demand: Objective Life Expectancy or Subjective Survival Pessimism?
Karolos Arapakis and Gal Wettstein, January 2023

How Will COVID Affect the Completed Fertility Rate?
Anqi Chen, Nilufer Gok, and Alicia H. Munnell, January 2023

County-Level Drivers of Disability Benefit Claims in Times of COVID-19
R. Vincent Pohl and David R. Mann, December 2022

Health, Disability, and the Evolving Nature of Work
Barbara A. Butrica and Stipica Mudrazija, December 2022

Racial Disparities in COVID-19 Experiences among Older Adults with Disabling Conditions
Marisa Shenk, Amal Harrati, Bernadette Hicks, and Ana Quiñones, December 2022

What Is the Risk to OASI Benefits from Unpaid Student Loans?
Gal Wettstein and Siyan Liu, November 2022

All working papers are available on the Center for Retirement Research website (https://crr.bc.edu) and can be requested by e-mail (crr@bc.edu) or phone (617-552-1762).