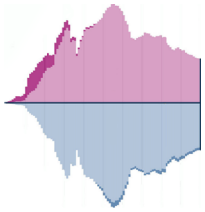

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Abstract

This research investigates how family events in adult children's lives influence the timing of their parents' financial transfers. We draw on retrospective data collected by the German Socio-Economic Panel Study (SOEP) and use event history models to study the effects of marriage, divorce, and childbirth on receiving large gifts from parents. We find increased chances of receiving gifts of houses or land at marriage and in the following years, at childbirth, but not at divorce. Large gifts of money are received in the year of marriage and also in the year of divorce. Our findings, on the one hand, indicate that parental gifts are triggered by adult children's economic need. On the other hand, they point to a plurality of givers' transfer motives and highlight the meanings of different types of wealth for parents, adult children, and their relationships.

1. Introduction

Numerous studies have examined financial transfers that parents and children exchange *inter vivos*. Interest in inter vivos transfers has surged for several reasons: Unlike bequests, they require a conscious transfer decision from the giver, they are flexible in timing, they are hardly restricted by legal regulations or cultural norms, and they are part of an ongoing parent-child relationship (Kohli 2004). A number of consistent findings have emerged from the literature on financial inter vivos transfers. In Western economies, these transfers are given at considerable rates and follow a downward pattern from the older to the younger generations. Parents remain net givers after retirement and even at very old ages. This financial aid often appears to be targeted at children in economic need (e.g., McGarry and Schoeni 1997).

Concerning the latter finding, one recurring theme in the literature is that parental transfers inter vivos are linked to important need-related events in adult children's lives. These connections are obvious: If parents, on the one hand, are motivated to help adult children to 'get a start on life', financial transfers will most likely be given at events like marriage, childbirth, or the beginning of employment. On the other hand, parental support may also be triggered when adult children experience adverse life events, like divorce, the loss of employment, or the onset of a serious illness.

Most quantitative studies of financial inter vivos transfers, however, neglected these links between life events and transfer timing. In addition, previous research has not considered that children might receive certain types of wealth at different stages of their life courses. A child who has just married, for example, may receive a transmission of house or land, whereas children who divorce are rather in need of liquid assets to ease the financial strain.

Research on these issues is not only required to close gaps in the empirical literature on financial

transfers, but also from a theoretical perspective on transfer behavior within families. The present study aims at extending prior research in three main ways. First, we analyze wealth transmission in families from a life course perspective. This approach allows examining the influence of events in adult children's lives on the timing of parental transfers. Second, we also study the type of wealth that is transmitted at different transitions and the meanings of these transfers for parents, adult children, and their relationships. That is, we do not restrict the analysis to the children's economic need but also consider how non-material aspects of family ties influence transfer behavior. Third, we relate the timing and types of transfers to the study of transfer motives. Considering these characteristics, this study yields important additional information that contributes to understanding parents' motives.

We begin by discussing economic and sociological perspectives on the timing and types of inter vivos transfers. Then we formulate hypotheses on three family events in adult children's life courses – marriage, childbirth, and divorce – that guide our empirical analyses. We analyze retrospective data on large gifts from the German Socio-economic Panel (SOEP). The respondents represent the receiving generation comprising almost 10,000 individuals who were asked about large gifts received from parents.

2. Theoretical Background and Previous Research on Intergenerational Transfers

Economic research on transfer behavior typically seeks to infer the giver's motive from observing his or her transfer decisions. It is assumed that these decisions maximize the giver's utility, either because his or her utility is derived from the recipient's utility (*altruism*), or because they are part of a strategy in an exchange game. The information if giving is motivated by altruism or by strategic exchange is considered essential to predict how individuals will respond to changing

conditions. Economists usually view transfer motives as competing and test one against the other. Such empirical tests typically concentrate on the division or distribution of transfers, mainly analyzing the relationship between the recipients' incomes and transfer chances and magnitudes. A negative relationship is consistent with altruistic models, whereas testing the exchange model is more complex because it makes no clear prediction regarding the direction of this relationship. The empirical evidence on gifts and bequests is mixed with numerous studies supporting each motive (e.g., Bernheim et al. 1985; Cox 1987; Wilhelm 1996; McGarry and Schoeni 1997).

In contrast, sociologists reject the assumption that each individual holds a singular transfer motive. Different motives may be held at the same time and these motives may compete or overlap (Künemund and Motel 2000). In addition, sociological research considers how the "quality" of transfers affects social bonds: "For recipients, it makes a difference whether transfers from their family members are motivated by self-interest (only) or (also) by love, benevolence, generosity, or a sense of personal obligation" (Kohli and Künemund 2003: 126). As a result, theoretical predictions about intergenerational transfers incorporate both need-related aspects and aspects beyond need, such as commitment to family, emotional closeness, the presence of grandchildren, etcetera. Motives in the sociological literature belong to three categories that are assumed to jointly influence transfer behavior: affection, reciprocity, and norms of responsibility (Doty 1986).

Motives and Timing of Transfers

In the following, we discuss two aspects that influence the timing of intergenerational inter vivos transfers: the recipient's need for support and the donor's wish to give. A third aspect refers to considerations of strategic exchange (e.g., Kotlikoff and Morris 1989; Bernheim et al. 1985) or reciprocity in the long term and short term (e.g., Silverstein et al. 2002; Leopold and Raab, in

press), presuming that the timing of giving depends on past, current, or future receiving. Our retrospective data on receiving transfers, however, do not allow reconstructing exchange processes. We therefore disregard models of intergenerational exchange in the present study.

In altruistic models, the timing of transfers depends on the recipients' need. Financial aid is only provided if parents recognize that their children require such support. McGarry's (1999) altruistic model considers transfer timing within a two-period framework. If the child does not experience income need in the earlier period, parents delay transfers and gather additional information on the child's permanent income. If the child is in need, however, parents respond by giving inter vivos transfers. From a life course perspective, economic need often occurs at important transitions in education, employment, or family. Qualitative evidence suggested that most parents related their provision of financial transfers explicitly to their children's economic need that occurred at events like marriage, starting an own family, or divorce (Ploeg et al. 2004). Such findings support the altruistic model, indicating that transfers are triggered by the recipients' need.

From a sociological perspective on motives, the same observations point to transfer behavior that is governed by norms of responsibility. Such norms refer to a generalized expectation that parents and children should support each other (Gans and Silverstein 2006). That is, parents feel obliged to help their children even in strained relationships and without expecting compensation. They will not make any transfers, however, unless the child requires support. As in altruistic models, the timing of intergenerational support that is motivated by norms of responsibility therefore depends on the recipients' need.

In contrast, transfers may also be triggered by the donor's wish to give. In economics, this alternative model has been termed impure altruism (Andreoni 1989). Here the parent derives utility from a 'warm glow of giving', rather than from the child's improved well-being. The warm glow

could either come as an internal reward for helping children (Sober and Wilson 1998), or as social approval received from others for acting generously or signaling income (Glazer and Konrad 1996). In sociology, giving that is not conditional on the recipient's need reflects intergenerational affection (e.g., Bengtson and Roberts 1991). That is, material gifts convey love and appreciation towards children and thus entail qualities beyond individual utility functions.

If transfers are given in the absence of need, we may assume that parents are not concerned about timing their giving. From an economic perspective on social approval, however, the act of giving should be visible to others, for example at events like a child's marriage or the birth of grandchildren. From a sociological perspective, these events may also trigger the parents' wish to give out of affective solidarity toward the child's family.

Type of Wealth Passed Down

The simplest approach to deal with financial transfers of different types is to treat all as substitutes, considering only their total present value (e.g., McGarry 1999). Arrondel and Masson (2001) proposed a more refined life-cycle typology of early human capital investments, later cash assistance, and eventual wealth transmissions that have different determinants and correspond to different transfer motives. This typology, however, refers to the age of the child rather than considering specific events in the child's life course. In addition, parental transfers remain pure economic acts without meanings beyond the efficient distribution of resources within families.

The type of wealth that is passed down the generations, however, may serve as an indicator for transfer meanings beyond economic need. We therefore distinguish two broad categories of larger financial transfers: gifts of money and gifts of houses or land. Gifts of money, on the one hand, are the appropriate transfer currency to efficiently distribute family wealth across descendents with

regard to their economic need. These gifts can be divided easily; they are not localized and they can often be used immediately without restraint. With regard to transfer meanings beyond need, money is a fairly 'anonymous' currency rather than a tangible representation of family history. Gifts of houses or land, on the other hand, often represent far more than just a monetary value. They symbolize family history and reflect processes of intergenerational reproduction as tangible family property is passed downward (Gulbrandsen and Langsether 2003). Beyond the economic act of giving, these transmissions may often represent affirmations of kinship and indicate the givers' wish to promote family cohesion, ensure continuity, and maintain geographic proximity (Tomassini et al. 2003). Apart from these additional meanings, gifts of houses or land are localized and their (intended) usage is restricted. They are therefore less appropriate to ease a child's immediate financial strain.

Hypotheses on Family Events and Parental Transfers

In the present study, we concentrate on three events in adult children's lives that we expect to be important triggers of larger financial inter vivos transfers: marriage, childbirth, and divorce.

The event of marriage, on the one hand, may indicate economic need associated with starting a family. This need often occurs immediately after marriage, for example, if wedding expenses must be covered, and/or if the spouses have a desire of homeownership. The latter, however, does not necessarily come up immediately after marriage, but may also be a few years delayed. Gifts that are triggered by economic need are consistent with the model of altruism. But they may also reflect norms of responsibility that parents translate into transfer behavior if the child's new family is in need. On the other hand, newly married couples are not necessarily in economic need and gifts at the event of marriage do not always respond (only) to need. The event of marriage may therefore

also trigger the parents' wish to give out of affection towards the (enlarged) family or to benefit from a warm glow of giving. Therefore, the types of wealth given after marriage are likely to correspond to this heterogeneity of transfer motives. Transfers may be need-related gifts of money that are given immediately after marriage. Other gifts may be houses or land that convey additional meanings beyond need and are given at the event of marriage, but also in the course of the following years. The mix of motives associated with the event of marriage leads us to *expect increased chances to receive large gifts from parents immediately after marriage (mainly gifts of money) and in the following years (mainly gifts of houses or land) (Hypothesis 1a)*.

So far, we presumed that parental gifts at the event of marriage are targeted both at the child *and* at her husband or his wife. In contrast, parents may primarily intend to support their own child. In such cases, they are assumed to be concerned about protecting family property against the risk of a child's later divorce. That is, parents try to ensure that the gift only belongs to their child and is not divided between the spouses in the case of a divorce. In Germany, most married couples have legally regulated their wealth division according to the 'community of acquisitions'. That is, the increase in capital value of assets during marriage belongs to both partners. Wealth accumulated before marriage remains the property of the previous owner after divorce (if the wealth has not been consumed). In the case of a married child, parents can only avoid a later split if the gift is clearly targeted at the own child and if the child uses this transfer for saving purposes only. Transfer motives that only concern the own child should therefore affect the timing of transfers. Gifts that precede the event of marriage can be assigned to the child's own 'starting capital'. This implies that *chances to receive a gift should increase before the event of marriage (Hypothesis 1b)*.

Unlike marriage, the event of divorce should primarily concern motives related to immediate economic need. Children face divorce and lawyer costs; they lose household income and wealth; and they may experience the financial strain of single parenthood. These adverse consequences of

divorce are typically most severe for women, who, on average, earn less and are more often granted sole custody. Financial aid from parents should be aimed at helping children through their divorce transition and at maintaining the former standard of living. We therefore *expect increased chances to receive large gifts of money from parents immediately after divorce, and we expect a stronger effect for women than for men (Hypothesis 2).*

For the event of childbirth, we expect a constellation of parental motives similar to the event of marriage. The birth of a child, on the one hand, puts financial pressure on a household (direct costs, income loss due to mother's reduced labor force participation, and need for housing space) that could trigger gifts motivated by altruism or norms of responsibility. This pressure may even increase for subsequent births. Unlike at marriage, however, it is less conventional to give a singular transmission of a large amount of money at childbirth. Parental gifts may rather be in kind (e.g., a baby buggy) or consist of a series of smaller, recurring financial transfers. With regard to less functional motives of giving, on the other hand, the birth of a child – in particular the first birth – guarantees the continuation of the generational lineage. Parental gifts could then symbolize a premium that represents the valuation of the generational lineage and the wish to strengthen kinship ties. In addition, gifts of houses at childbirth may often ensure that the adult child's family stays geographically close to the (grand-) parents (Tomassini et al. 2003). In sum, both need-related aspects and less functional aspects lead us to expect that large gifts at the event of childbirth are primarily transmissions of houses or land. In this regard, an alternative perspective comes from Evolutionary Biology: Older generations invest in offspring that further their genetic line (Clark and Kenney 2010). Cox and Stark (2005) hypothesized that parents 'purchase' grandchildren. For example, if children delay childbearing until they can afford an own home, parents might speed up the process by the gift of a house. This would imply a gift prior to childbirth. Based on these considerations, *increased chances to receive large gifts from parents*

may occur in the year before a child is born and at childbirth. We expect these gifts to consist primarily of transmissions of houses or land (Hypothesis 3).

Additional predictors of financial transfers

The standard set of covariates in most analyses of intergenerational transfers comprises factors at the individual, family, and societal level. First, a parent's resources are positively related to the provision of financial assistance (e.g., Hogan et al. 1993), whereas an adult child's declining economic need after the age of 30 is associated with a decrease in financial support received from parents (Cooney and Uhlenberg 1992). Second, family structure shapes the assistance. The proportion of children receiving financial transfers decreases with increasing numbers of siblings as 'competitors' for parental wealth (e.g., Killian 2004). Third, historical and societal dimensions influence transfer behavior in different ways. For example, the parents' birth cohort affects the amount of financial resources available in a family. In Germany, an important distinction concerns economic systems, as chances to build private property were significantly lower in the former East German Democratic Republic (GDR, 1949-90) compared to the Federal Republic of Germany (FRG). While the GDR was a socialist state that, for example, expropriated farmers and entrepreneurs in its first years, the FRG had a market economy right from the start. Further aspects are cultural norms that may lead to gender differences in chances to receive transfers. The German legislation restricts unequal division of bequests and gender differences have vanished (e.g., Künemund et al. 2005), but gift-giving is highly private and allows penalizing daughters or sons.

3. Data and Method

Our empirical analyses are based on data from the German Socio-Economic Panel Study (SOEP), which is a large, representative household, and person study started in 1984 (Wagner et al. 2007). SOEP covers a wide range of topics including careers, education, income, demographic developments, health, and use of time, as well as satisfaction and values. Each person in a household that is 17 years or older gives his or her own answers. In 2001, the eighteenth wave of the SOEP, one page of the questionnaire was devoted to gifts and bequests. Respondents were asked: *"Have you yourself ever inherited something or received a gift of great value? We are referring to gifts or inheritance of house or land, securities, investments, other forms of wealth or large amounts of money."* Respondents who answered positively were further asked in which year the transfer was received, whether it was a gift or an inheritance, which type of wealth was transferred (house, land, condominium; securities; cash or bank deposits; shares or ownership of a company; other), its value at that time, and the giver (one or both parents, parents-in-law, grandparents, husband or wife, other). Information could be provided on up to three transfers.

A total of 22,351 respondents participated in the survey. For our analysis, we restrict this sample as follows. First, we exclude 7,338 respondents that lived in the GDR in 1989, removing 32.8 % of the original sample size.[1] Inclusion of these persons would lead to substantial heterogeneity in the sample with respect to intergenerational transfer patterns: Parents had significantly lower chances of building private property and the legal regulations on gift-giving and bequeathing differed from West Germany. The latter is also true in most immigrants' countries of origin. In addition, the main direction of financial transfer streams is less clear in migrant families. Financial support often flows upward, in particular if adult children living in industrialized countries help their parents in

[1] Due to oversampling of East Germans in the SOEP, this share is much higher than the proportion of East Germans in unified Germany.

less developed countries of origin (Holst et al. 2010). Our second sample exclusion therefore concerns 1,857 respondents who immigrated to West Germany, removing another 8.3 % of the original sample size. Finally, we exclude 3,193 persons born before 1940 as selective mortality could lead to bias in estimating transfer chances of older birth cohorts. This restriction reduces our sample to 9,963 persons (44.6 % of the original sample size) aged 17 to 61.

Dependent processes: Receiving a Transfer

As the year of transfer receipt was surveyed, we can reconstruct the age at which large inter vivos transfers were received. To analyze the transfer chances, we construct episodes starting at birth and ending with an event at the age of receiving the first inter vivos transfer from parents. An episode is right-censored if a person has not received a transfer before the interview date. Furthermore, episodes are censored after the last parent had died.

In our sample, a total of 777 first gifts were received, 570 of which came from parents. The latter number refers to all parental gifts, regardless of the type of wealth that was transferred. This includes each type of wealth mentioned above or a combination of two or more of these types. To allow separate analyses of gifts of houses or land and gifts of money, we construct episodes for two additional dependent processes: The first ends with an event if the first gift received from the parents consisted *only* of a house, land, or condominium (n = 307 gifts). The second ends with an event if the first gift received from the parents consisted *only* of money or bank deposits (n = 189 gifts). In addition to censoring at the interview date and after the death of the last parent, episodes of both processes are censored if a gift consisting of *any other* type(s) of wealth was received.

Independent processes: Marriage, Divorce, and Childbirth

Our hypotheses referred to family events in adult children's life courses. To allow a dynamic modeling of these events, we use a series of time-varying dummy variables. A marriage at the age of 25, for example, is recorded as follows. Initially, a person (like all others) is single. During these years, all dummy variables for the marital biography (married, divorced, widowed) are zero. Therefore, 'single' is the reference category of the marital biography. At the age of 24, a dummy variable indicating '1 year before marriage' goes from zero to one. At the age of 25, this dummy variable is reset to zero and a dummy variable indicating the 'year of marriage' goes to one. At the age of 26, this variable is again reset to zero, while an additional dummy variable '1 year after marriage' is set to one. Finally, from the age of 27 onwards, this variable is again reset to zero and another dummy variable 'married > 1 year' goes to one. The latter variable remains at the value one until the process time ends, unless the marriage ends by a divorce or widowing. If a respondent, for example, divorces at age of 40, the dummy variable 'married > 1 year' is reset from one to zero, and the variable 'year of divorce' it set to one. The subsequent years are modeled analogical to the event of marriage. If the respondent remarries at age of 48, the dummy variable indicating '1 year before marriage' is again set to one, etcetera. This modeling technique does therefore not differentiate how many times marital events occur. It only indicates if they occur and if they influence transfer chances. The birth biography is measured in a similar way – with one important exception. The first birth is modeled as a separate process as the timing of first births often co-occurs with marriage. We define two sets of dummy variables. One refers only to first births, the other to all subsequent births.

Covariates

As an indicator for parental resources, we use the father's score on the International Socio-Economic Index of Occupational Status (ISEI) (Ganzeboom et al. 1992). The score on the ISEI scale, ranging from 16 to 90, is derived from information on the father's occupation when the respondent was 15 years old. In addition, we define a separate group of respondents who are daughters or sons of farmers. Although farmers score low on the ISEI scale, they often own property, a home, and land. Concerning the number of siblings, the information surveyed in 2001 referred only to living siblings. As information on transfers was collected retrospectively, other siblings might have still been alive when the transfer was received. Therefore, we use the information collected two years later in 2003 which referred to all sister and brothers, even if they were deceased. As the distribution of this variable is right-skewed, we take the logarithm of the number of siblings plus one. Finally, we introduce variables for birth cohort (linear) and gender as further controls.

Two variables have substantial shares of missing data. First, information on the father's occupation was not sufficient to assign ISEI scores in almost 40 % of all cases. Second, information on the number of siblings could not be obtained from respondents that participated in the survey in 2001, but no longer in 2003 (13 % of all cases). Listwise deletion of these cases could lead to biased estimates. Except for the few gaps in the marital history, we imputed all missing data by chained equations, producing five stacked sets of imputed data on which we run our analyses. The background model for the imputation includes all time-constant variables from the multivariate models and a wide range of additional information from the SOEP data. The parameter estimates and standard errors that are reported in our multivariate models were obtained by applying Rubin's rules (Rubin 1987). Taking into account between- and within-imputation variation, this procedure

avoids underestimating the magnitude of standard errors.[2] For the imputation and the estimation of our models we use the Stata commands *ice* and *mim* (Royston 2009; Royston et al. 2009).

Table 1 presents means and percentages of all variables at three selected points in the respondents' life courses: at birth, at the age of 20, and at the age of 40. For each age, the first column shows the values before imputation and the second after imputation. The modeling of time-varying dummy variables is illustrated by the marital and birth biographies. At the age of 20, for example, 7 % were in the year before marriage and 5 % married. Another 3 % were in the year after marriage and 4 % had married two or more years before the age of 20. At the age of 40, the share of respondents who were married since two or more years rises to 77 %. Considering divorce, 1 % were divorced at the age of 40 and 1 % were experiencing their first year after divorce. Another 7 % were divorced since two or more years at the age of 40.

- Table 1: Percentages / Means at Three Points in the Life Course Before and After Imputation -

Event History Analysis

For our multivariate analyses, we estimate transition rate models. The transition rate is the intensity of experiencing an event under the condition of not having experienced such an event before (Blossfeld et al. 2007). That is, the transition rate of receiving a large gift from parents is estimated under the condition that a respondent has not received such a transfer before and is still under

[2] The 'within-imputation' variance $\bar{W}$ of a coefficient β is the mean value of all variances that are estimated from j=1, …, m datasets: $\bar{W} = \frac{1}{m}\sum_{j=1}^{m} \widehat{var(\beta^j)}$.
The 'between-imputation' variance B is the variance of j= 1, … m estimated coefficients β:
$B = \frac{1}{m-1}\sum_{j=1}^{m} (\widehat{\beta^j} - \bar{\beta})^2$.
Variance $\widehat{V_\beta}$ is then calculated as $\widehat{V_\beta} = \bar{W} + \left(1 + \frac{1}{m}\right) * B$.

observation. In all models, we allow for a time-dependent transition rate by including 2-yearly updated variables for age in linear and quadratic form. Episodes are split if any time-varying independent variable changed its value (for example, from 'married > 1 year' to 'year of divorce'). We use an exponential function to link the estimates to the dependent variable, the transition rate. This ensures that estimates of the propensity to receive a transfer are always positive (see equation).

r(t) = exp $(A\ a)$

4. Results

Table 2 reports descriptive information on gifts. Considering large gifts from all sources, the mean age at receipt is around 33 and the median value 31,500 Euros. Gifts from parents, on average, are received a little later and amount to almost 45,000 Euros. With respect to different types of wealth that parents pass downward, these measures vary markedly. For gifts consisting only of house, land, or condominium, the median amount is almost five times as high as the amount of gifts consisting only of cash or bank deposits. With respect to the mean age at receipt, the latter reach children on average three and a half years later than gifts of houses, land, or condominium.

- Table 2: Descriptive Information on First Gifts -

Our multivariate models on marital events and the timing of transfers are presented in Table 3. These models are organized as follows. Model 1a estimates the transition rate for all gifts, introducing all independent variables of the marital biography. In Model 1b, we add an interaction effect testing whether the effect of the 'year of divorce' varies between men and women. Model 2

and 3 focus on different types of wealth: In Model 2, the dependent process is receiving the first parental gift only consisting of house, land, or condominium. Conversely, Model 3 only considers gifts of cash or bank deposits. For both models, we use the specification of Model 1a.[3] All models control for the respondents' age, gender and birth cohort, the father's occupational status, and the number of siblings.

The age effects, modeled by linear and quadratic terms, point to a bell-shaped pattern of the dependent process in all models. The transition rate first increases, peaks at the age of 43 years, and decreases afterwards. This maximum rate is calculated using the first derivative of age (Model 1).

Hypothesis 1a posited elevated chances to receive parental gifts after marriage. Furthermore, we expected that gifts of money are transferred immediately after marriage, whereas gifts of houses or land also occur in the following years. The estimates from Models 1a, 2, and 3 support our hypothesis. Looking at all types of wealth (Model 1a/b), we find a strong positive effect of the variable indicating the 'year of marriage'. In this year, the transition rate is 3.2 times higher compared to single persons, all other things being equal.[4] In the subsequent years, the effect size diminishes, but remains positive and highly significant even for respondents who are married since more than one year. Models 2 and 3 present a more fine-grained picture of these effects.[5] As expected, gifts of houses or land are received in the year of marriage, but also in the subsequent years (Model 2). In contrast, increased chances to receive gifts of money occur only in the year of marriage (Model 3). In Hypothesis 1b, we further expected increased chances to receive a large gift from parents *before* the event of marriage. Our corresponding estimate indicating the 'year before

[3] When estimating this interaction effect for gifts of houses, land or condominium, the standard errors became too large. For gifts of money, the interaction effect could be estimated, but it was not significant. Therefore, we only present the more parsimonious specification in Models 2 and 3.

[4] These multipliers are calculated by exp(β).

[5] In event history models, the significance of parameter estimates depends on the number of events. These numbers differ between Model 2 (307 events) and Model 3 (189 events). Therefore, we tested whether significant parameter estimates from Model 2 lose their significance when randomly drawing samples out of the surveyed persons in the ratio of 189 to 307. All effects observed remained significant. The same applies to the models presented later in Table 4.

marriage' points in the expected direction in all models. This effect, however, narrowly fails to reach the 5 % significance level.

- Table 3: Continuous Transition Rate Models for Large Gifts Received From Parents -

After a child's divorce, we expected that parents respond immediately by giving large amounts of money (Hypothesis 2). Further, we assumed that this effect will be stronger for women. Looking again at all gifts (Model 1a/b), our expectation regarding the immediacy of parental gifts is confirmed. Higher chances to receive large gifts only occur only in the year of divorce. In this year, the transition rate is 2.5 times higher compared to single persons. The results for different types of wealth also support our reasoning. In Model 2, we do not observe any effect of the year of divorce on the chances of receiving houses or land, but Model 3 for gifts of money clearly reveals where the overall effect is rooted. Here, the effect of the year of divorce is strong and highly significant indicating a transition rate that is 5.4 times higher compared to singles. Our expectation on gender differences, however, is not confirmed. The interaction effect in Model 1b is not significant, indicating that the increased chances of receiving gifts after divorce do not differ between men and women.

Concerning the time-constant covariates, we find the expected effects for our indicators of parental resources and family structure: Respondents belonging to later birth cohorts have higher chances of receiving gifts in all models. These effects reflect the more favorable conditions under which their parents could accumulate wealth. These conditions seem to be particularly important for accumulating liquid assets, as the cohort effect is most pronounced in Model 3 for gifts of money. The same applies for the father's occupational status (measured by ISEI scores). In general,

occupational status is associated with increased chances of receiving large gifts. Again, this indicator for parental resources is most influential for gifts of money (Model 3), where the effect is three times larger compared to gifts of houses or land (Model 2). These findings are consistent with the literature on wealth portfolios in different social strata which has shown that home ownership is quite common even in lower strata (Kurz 2004), whereas the possession of large amounts of liquid assets is a privilege of higher strata (Spilerman 2000). The number of siblings, as expected, is negatively correlated with the chances of receiving transfers from parents. The only unexpected finding concern gender differences. Our findings indicate that daughters are clearly disadvantaged in processes of intergenerational gift-giving. The overall observation of higher chances of receiving for sons (Model 1a/b) is apparently attributable to gifts of houses or land (Model 2), where the effect is particularly strong and highly significant.

Finally, the models presented in Table 4 test Hypothesis 3 on the effects of childbirth. Again, we estimate models for all gifts (4a, 4b), gifts of houses or land (5a, 5b), and gifts of money (6a, 6b). In Models 4a, 5a, and 6a, we introduce the indicators of the birth biography instead of the indicators of the marital biography. In Models 4b, 5b, and 6b, all time-varying independent variables from the marital and birth biographies are included simultaneously. All models control for a common set of time-constant covariates and the time-varying information on age in linear and quadratic form (estimates not displayed in Table 4).

- Table 4: Continuous Transition Rate Models for Large Gifts Received From Parents –

In Hypothesis 3, we expected increased chances of receiving large gifts before and after childbirth. Looking at all gifts, however, we observe no effects before or after the first birth (Model 4a). We

find increased chances of receiving only in the year of later births. This coefficient remains highly significant even after controlling for the marital biography (Model 4b). Again, we find notable differences with respect to different types of wealth: First, parental transfers in the year of later births mainly consist of transmissions of houses or land: The estimates for the year of later birth are positive and significant in Models 5a and 5b, whereas events of childbirth do not elevate the chances of receiving large gifts of money (Models 6a/b). Second, Model 5a also indicates increased chances of receiving a house or land in the year before the first birth and in the year of the first birth. If the marital and birth biography are introduced simultaneously (Model 5b), however, these effects disappear, whereas the estimates of the marital biography remain almost unchanged compared to Model 2.

5. Discussion

Prior research on financial inter vivos transfers largely neglected the links between life events and transfer timing. To the best of our knowledge, the present study is the first to have systematically examined the relationship between family events in adult children's life courses and the timing of parental transfers. Our theoretical approach allowed for a plurality of givers' transfer motives and considered the meanings of different types of wealth for givers, receivers, and their relationships. Our hypotheses posited that parents give financial transfers at the events of marriage, divorce, and childbirth. First, we expected that parental wealth will be passed on before and after a child's marriage. We found support for Hypothesis 1a as transfer chances increase markedly in the year of marriage and remain at elevated levels in the subsequent years. Higher chances to receive large gifts of money are only observed in the year of marriage whereas houses or land are also transferred with some delay. These findings cannot be linked to one specific transfer motive. Instead, they are

broadly consistent with the motives of altruism or norms of responsibility (assuming that marriage indicates economic need), as well as a 'warm glow of giving' or intergenerational affection (assuming that aspects beyond economic need trigger the transfer). Hypothesis 1b focused on the year before a marriage, suggesting that parents transfer prior to their child's marriage in order to protect family wealth against the risk of divorce. The findings indicate that such considerations may play a role, although the estimates do not reach conventional levels of significance.

Second, we expected in Hypothesis 2 that chances to receive large gifts from parents will increase immediately after divorce, and that the majority of these gifts will consist of money. Our empirical findings provided strong support for this hypothesis. We observe a substantial increase in chances of receiving only in the year of divorce. Further consideration of different types of wealth indicates that intergenerational wealth transmission following a divorce consists of liquid assets, such as gifts money or bank deposits. These findings on the timing and type of transfers are clear evidence that parents respond directly to their children's economic need. Compared to the event of marriage, the plurality of possible motives is narrowed down considerably: Parental gifts of money in the year of a child's divorce are consistent with economists' models of altruism and the sociological notion of transfer behavior that is guided by norms of responsibility.

Our findings on marriage and divorce corroborate previous research on the timing of parental transfers. Qualitative evidence indicated that, in fact, the majority of financial transfers occur at transitions that motivate parents to help their children "build and rebuild secure lives and futures" (Ploeg et al. 2004: S131). A quantitative study by Bhaumik (2006) used cross-sectional data from the 1996 wave of the SOEP to find that marriage and divorce co-occurred with the receipt of financial transfers within a recall period of 12 months. This association was also identified with regard to the event of childbirth. Our hypothesis on elevated chances of receiving before and after childbirth, however, is only partly supported. We observed a robust effect only for the year of later

births. As these transmissions appeared to consist mainly of houses or land, one possible explanation is that parental gifts address adult children's need for living space. Regarding gifts of houses or land, our estimates also pointed to increased chances of receiving before the first birth and in the year of the first birth. These effects, however, were less robust and disappeared after including the indicators of the marital biography. Nonetheless, the temporal proximity of marriage and first births do not allow to rule out the possibility that parental gifts are jointly triggered by an adult child's marriage and (the expectation of) the birth of a grandchild. We see two possible explanations for the absence of strong and robust birth effects. First, parental gifts at childbirth may be less substantial in size and given in a series of smaller transfers. Such transfers are not in our data, which include only large gifts. In contrast, Bhaumik's analysis used a transfer measure referring to all financial transfers received from parents within the past 12 months. Second, parents may prefer to provide social support, such as looking after grandchildren, instead of giving financial transfers. In analyses of the 2004 wave of the Survey of Health, Ageing, and Retirement in Europe, Kohli and Albertini (2008) found that the presence of small children stimulated help from parents that was predominantly social support or a combination of financial and social support. Again, it appears unlikely that large gifts were involved in functional support arrangements related to childbirth.

There are some limitations to this study that should be noted. First, some potentially important variables were not available in our data. For instance, we lacked longitudinal information on relationship characteristics, although it has been suggested that emotional closeness and residential proximity influence functional support in intergenerational relationships (e.g., Silverstein et al. 1995; McGarry and Schoeni 1997). With regard to transfer motives, one important omission concerns children's economic resources. For example, data on children's income and wealth at the time of marriage could help disentangling need-related motives such as altruism from motives that

are not related to need. Although the SOEP collects data on income each year, our analyses using retrospective data would have required information on income and wealth from the years of receiving transfers. Information from previous panel waves, however, could only be obtained for a very small number of cases, in particular because of a major enlargement of the overall SOEP sample in the year 2000.

Second, we had to draw on yearly-based timescales for our event history models. More differentiated information on the temporal sequence of events and transfer receipt could alter our conclusions regarding Hypothesis 1b. We were only able to control for the year before a marriage. A large gift from parents, however, could still precede the event of marriage even if marriage and transfer receipt occurred within the same year.

Third, we cannot rule out the possibility that the statistical inference behind our results may be disturbed by endogeneity of family events. Adult children might marry, for example, because they expect to receive large transfers from parents. Although events like marriage or childbirth are most likely planned, however, we consider it unlikely that the timing of such significant events is determined by the anticipation of transfer receipt. This should occur only in rare instances.

Another shortcoming is that our analytical approach can be considered indirect in two respects. First, we inferred parental motives from observed behavior. Recent research, however, has proposed the straightforward strategy of measuring motives directly (e.g., Kohli and Künemund 2003). As the SOEP data does not include measures of motives, we could not consider this strategy in the present study. In addition, information on motives would be only useful for analyzing prospective panel data, rather than retrospective life course data. Second, our respondents represent the receiving generation of adult children, whereas any considerations regarding transfer motives

refer to the parents as the givers. A more direct, and conceptually more desirable, approach would draw on data provided by the parents themselves.

Additional research is needed to further test and refine the conceptual model linking events in adult children's lives and the timing of intergenerational transfers. In the present study, we focused only on family events. Other events that should be considered in future research include, for example, the end of education, leaving home, and the beginning of employment, but also adverse life events such as unemployment and the onset of chronic illnesses. In addition, other dimensions influencing the distribution of transfers within families require further investigation. For instance, our analysis revealed that women had lower chances of receiving large gifts than men, at least in the case of receiving houses, land or condominium. These differences, however, may be leveled out by processes not observed in the present study. Unequal gift-giving, for example, could be later compensated for by the division of bequests. Testing such considerations requires expanding the life course perspective. Most importantly, analyzing the period after transfers are received would present an opportunity to investigate processes of intergenerational exchange. The most promising approach, we believe, is using data from long-term panel studies providing yearly-updated information on a variety of transfers in both directions. This would allow exploring patterns of intergenerational transfers over the entire shared lifetime of parents and their adult children from a comprehensive life course perspective.

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Table 1: Percentages / Means at Three Points in the Life Course Before and After Imputation

	Age 0		Age 20		Age 40	
	Missings incl.	Imputed	Missings incl.	Imputed	Missings incl.	Imputed
Number of persons	9963		9293		4072	
Male	0.49	=	0.49	=	0.49	=
Birth Cohort (-1900)	61.66	=	60.36	=	51.58	=
Father Farmer	0.04	0.04	0.04	0.04	0.04	0.04
ISEI Father	40.93	40.48	40.49	40.13	38.43	38.63
ISEI Father: missing	0.38	*	0.38	*	0.45	*
Siblings	1.56	1.55	1.57	1.56	1.64	1.63
Siblings: missing	0.14	*	0.13	*	0.13	*
Marital status						
1 year before marriage			0.07	=	0.01	=
Year of marriage			0.05	=	0.01	=
1 year after marriage			0.03	=	0.01	=
Married (> 1 year)			0.04	=	0.77	=
Year of divorce			0.00	=	0.01	=
1 year after divorce			0.00	=	0.01	=
Divorced (> 1 year)			0.00	=	0.07	=
Widowed			0.00	=	0.01	=
Gap in marital biography			0.00	=	0.00	=
Fertility						
First birth						
1 year before first birth			0.03	=	0.00	=
Year of first birth			0.02	=	0.01	=
1 year after first birth			0.01	=	0.01	=
First birth > 1 year			0.03	=	0.79	=
Later births						
1 year before birth			0.01	=	0.01	=
Year of birth			0.01	=	0.01	=
1 year after birth			0.00	=	0.02	=
Last child born > 1 year			0.01	=	0.55	=

Note: SOEP release 2007, own calculations. = no missing data; * all missing data imputed. Episodes were split after imputation.

Table 2: Descriptive Information on First Gifts

	N	Value in Euro (*Median*)	Age at receipt (*Mean*)
Large gift received (total)	777	31,500	32.7
From parents	570	44,900	33.9
Only house, land, condominium	307	106,200	33.2
Only cash, bank deposits	189	21,400	36.7

Note: SOEP release 2007, own calculations. Values converted in Euro (1 Euro = 1.95833 DM), adjusted for prices (reference year 2005); Median values obtained from 5 sets of imputed data. *N* = 9.963.

Table 3: Continuous Transition Rate Models for Large Gifts Received From Parents

	All Gifts				House/Land		Money	
	Model 1a		Model 1b		Model 2		Model 3	
	b	s.e.	b	s.e.	b	s.e.	b	s.e.
Process Time								
Age	.41***	(.03)	.41***	(.03)	.44***	(.05)	.39***	(.06)
Age² (/100)	-.48***	(.05)	-.48***	(.05)	-.57***	(.07)	-.39***	(.08)
Marital Status *(ref.: single)*								
1 year before marriage	.50	(.26)	.50	(.26)	.60	(.35)	.60	(.45)
Year of marriage	1.16***	(.20)	1.16***	(.20)	1.15***	(.28)	1.33***	(.34)
1 year after marriage	.79***	(.22)	.79***	(.22)	1.10***	(.28)	.51	(.45)
Married (> 1 year)	.44**	(.13)	.44**	(.13)	.63***	(.19)	.37	(.24)
Year of divorce	.91*	(.35)	1.04*	(.44)	-.51	(1.01)	1.68***	(.43)
Year of divorce*Male			-.22	(.72)				
1 year after divorce	-.22	(.72)	.31	(.24)	-.14	(1.01)	.11	(1.02)
Divorced (> 1 year)	.31	(.24)	-.26	(.68)	.28	(.36)	.45	(.38)
Time-Constant Variables								
Male	.24**	(.09)	.25**	(.09)	.45***	(.12)	-.17	(.15)
Birth cohort -1900 (/10)	.54***	(.06)	.54***	(.06)	.39***	(.07)	.83***	(.11)
Father farmer	1.34***	(.15)	1.34***	(.15)	1.50***	(.19)	.66	(.38)
ISEI father (/10)	.15***	(.03)	.15***	(.03)	.08*	(.04)	.24***	(.05)
Number of siblings +1 (log)	-.41***	(.08)	-.41***	(.08)	-.54***	(.11)	-.15	(.15)
Constant	-17.6***	(.68)	-17.6***	(.68)	-17.3***	(.93)	-21.3***	(1.31)
Log Likelihood (final estimate)	-1708.37		-1708.31		-1109.23		-729.94	
Number of events	570		570		307		189	

Note: SOEP release 2007, own calculations. All analyses based on 5 sets of imputed data. See text for details.
* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$. $N = 9.963$.

Table 4: Continuous Transition Rate Models for Large Gifts Received From Parents

	All Gifts				House/Land				Money			
	Model 4a		Model 4b		Model 5a		Model 5b		Model 6a		Model 6b	
	b	s.e.	b	s.e.	b	s.e.	b	s.e.	b	s.e.	b	s.e.
Marital Status *(ref.: single)*												
1 year before marriage			.50	(.26)			.55	(.35)			.67	(.45)
Year of marriage			1.14***	(.20)			1.03**	(.29)			1.43***	(.35)
1 year after marriage			.78***	(.23)			1.01**	(.29)			.62	(.47)
Married (> 1 year)			.54***	(.15)			.73**	(.21)			.48	(.27)
Year of divorce			.97**	(.36)			-.46	(1.01)			1.75***	(.44)
1 year after divorce			-.16	(.71)			-.07	(1.02)			.17	(1.03)
Divorced (> 1 year)			.37	(.25)			.34	(.37)			.52	(.39)
Fertility *(ref.: no child)*												
First birth												
1 year before first birth	.44	(.24)	.06	(.24)	.80**	(.27)	.41	(.28)	-.23	(.59)	-.66	(.60)
Year of first birth	.39	(.24)	.05	(.24)	.56*	(.30)	.16	(.30)	.18	(.47)	-.15	(.48)
1 year after first birth	-.23	(.34)	-.45	(.35)	-.42	(.51)	-.75	(.51)	-.17	(.59)	-.31	(.60)
First birth > 1 year	-.13	(.14)	-.25	(.15)	-.16	(.19)	-.35	(.20)	-.11	(.24)	-.20	(.25)
Later births												
1 year before birth	.30	(.25)	.15	(.25)	.60	(.30)	.38	(.30)	-.02	(.52)	-.13	(.53)
Year of birth	.68**	(.21)	.59**	(.21)	.77*	(.29)	.63*	(.29)	.43	(.42)	.38	(.42)
1 year after birth	.20	(.27)	.13	(.27)	.43	(.34)	.31	(.34)	.08	(.49)	.06	(.49)
Last child born > 1 year	-.00	(.14)	-.03	(.14)	.05	(.19)	-.01	(.19)	.03	(.23)	.03	(.23)
Log Likelihood (final estimate)	-1719.36		-1701.59		-1113.31		-1101.71		-739.97		-728.53	
Number of events	570		570		307		307		189		189	

Note: SOEP release 2007, own calculations. All analyses based on 5 sets of imputed data. See text for details. * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$. $N = 9.963$.
All models control for process time and time-constant variables (see Table 3).