Recent Trends in Intergenerational Co-residence and Transfers in Latin America and the Caribbean

Paulo M. Saad
CELADE – Population Division of ECLAC

7th Global NTA Meeting: Population Aging and the Generational Economy
Honolulu, 11-12 June 2010
How demographic changes will impact on intergenerational transfers in LAC

• Demographic changes:
  – Population ageing
  – Family structure
  – Living arrangement

• Intergenerational transfers:
  – Private/Family transfers
  – Care
Overview of the situation in LAC

**Present Conditions**
- Relatively low proportions of older persons
- Situation of vulnerability – low coverage of social protection systems
- Strong dependency on informal support systems – particularly the family
- Relatively high availability of family networks

**Prospects**
- Fast population ageing
- Increasing demand for old age support – particularly long term care
- Changing family structure – decreasing family network, economic role of women
- Decreasing potential for informal support transfer to the older population
The oldest old is the fastest growing age group

<table>
<thead>
<tr>
<th>Age group</th>
<th>Average annual growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000-2005</td>
</tr>
<tr>
<td>Total</td>
<td>1.4</td>
</tr>
<tr>
<td>60+</td>
<td>2.9</td>
</tr>
<tr>
<td>80+</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: CEPAL/CELADE
The number of persons aged 80+ is expected to increase 6 fold between 2005 and 2050 in LAC.

Increase: 6 fold or 502%

(Total population growth: 40%)
Vulnerability increases with age

- Factors that contribute to a person’s vulnerability (poverty, poor health, lack of education, disabilities) accentuate with age

- Feminization of ageing: levels of education and economic security are expected to remain lower among women for several generations more of older persons
Poverty levels are generally high, but variation among countries is huge (percentage of older person that are poor)

Source: CEPAL, using NBI criterion
Pensions or any other mechanism of transferring income to the elderly are essential to keep old age poverty low.

<table>
<thead>
<tr>
<th>Country</th>
<th>% receiving pension</th>
<th>Poverty headcount ratio for persons aged 60+ (2001-2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Including pension income</td>
</tr>
<tr>
<td>Brazil</td>
<td>77</td>
<td>4</td>
</tr>
<tr>
<td>Chile</td>
<td>55</td>
<td>2</td>
</tr>
<tr>
<td>Mexico</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>10</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: UN WESS 2007

Note: poverty line at $2 PPP p/day
Non-contributory pension systems can have important anti-poverty effects

Rural Brazil: Poverty condition by family type, 1982 and 2002

<table>
<thead>
<tr>
<th>Family type</th>
<th>1982 (%)</th>
<th>2002 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Needy</td>
<td>Poor</td>
</tr>
<tr>
<td>Families without elderly</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Families with elderly</td>
<td>23</td>
<td>38</td>
</tr>
<tr>
<td>Elderly families</td>
<td>19</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td><strong>32</strong></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

Source: IBGE/PNAD 1982 and 2002
Reality of old age poverty in LAC

- Most of LAC elderly do not receive pensions, and most of LAC workers are not covered by the social security system, and will not have a pension in the future, at least within the contributory regime.

- Countries with well-developed pension systems, where old age poverty is now relatively low, will face serious difficulties in maintaining such systems with a decreasing workers/elderly ratio.

- Countries with a weak social security net and where old age poverty is particularly high, will find hard to reduce national poverty in an ageing society.

Source: CEDLAS, 2007
Why informal support transfers and living arrangements of older persons are relevant in LAC?

- Incongruence between the speed of the ageing process and the institutional context
- Informal support is supposed to play a decisive role in the well-being of the elderly wherever adequate formal support is absent
- Coresidence is usually an important element in the intra-family support transfers system
- There are many factors that tend to constrain the relationship between the elderly and their family:
  - Decreasing number of children
  - Increasing insertion of women in the labor-force
Determinants of Living Arrangements of older persons

- Costs X Benefits (Elderly)
- Cultural Norms and Values
- Costs X Benefits (Others)

Preferences

Living Arrangements

Constraints

- Kin Size and Composition
- Physical Feasibility
- Financial Feasibility
Percentage of Older Persons (60+) in Different Living Arrangements

- **Alone:**
  - More developed regions: 25%
  - Less developed regions: 7%

- **Couple only:**
  - More developed regions: 43%
  - Less developed regions: 13%

- **Child or Grandchild:**
  - More developed regions: 27%
  - Less developed regions: 75%

- **Other:**
  - More developed regions: 5%
  - Less developed regions: 5%
Important differences between countries within LAC (65+)

Argentina

Panama

Source: IPUMS
In all regions those living alone seems to be in poorer conditions
(Mean Material Well-being Index)
living alone increases the chances of having an Unsatisfied Basic Need

<table>
<thead>
<tr>
<th>Logistic regression models</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) All countries together</td>
<td>- The effect is much stronger in Bolivia than Argentina</td>
</tr>
<tr>
<td>b) Separate countries</td>
<td>- Inverse effect of education: positive in Argentina, negative in Bolivia (in accordance with previous study in Brazil)</td>
</tr>
<tr>
<td>Dependent variable: Lives Alone</td>
<td>- In the poorest countries, older persons living alone tend to be an especially disadvantaged group</td>
</tr>
<tr>
<td>Independent variables: NBI (Unsatisfied Basic Needs); education</td>
<td>Control variables: Sex and period</td>
</tr>
</tbody>
</table>

Findings:
- The effect is much stronger in Bolivia than Argentina
- Inverse effect of education: positive in Argentina, negative in Bolivia (in accordance with previous study in Brazil)
- In the poorest countries, older persons living alone tend to be an especially disadvantaged group
Distribution of Living Arrangements
United States 1850-1990
(White Persons Aged 65+)

Source: Steven Ruggles (2001)
Trends in Living Arrangements of older persons (60+)

Alone

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Africa</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Asia</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

With Children

<table>
<thead>
<tr>
<th></th>
<th>Earlier</th>
<th>Later</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>Africa</td>
<td>62</td>
<td>61</td>
</tr>
<tr>
<td>Asia</td>
<td>70</td>
<td>69</td>
</tr>
</tbody>
</table>
Living arrangements of older persons (65+): 1970s – 2000s

ALONE

WITH CHILDREN

Source: Population and household Census, IPUMS
Informal support transfers are quite common among the elderly in LAC

<table>
<thead>
<tr>
<th>Kind of support</th>
<th>Received support (60+)</th>
<th>Provided support (60+)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sao Paulo</td>
<td>Buenos Aires</td>
</tr>
<tr>
<td>Financial</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>Service</td>
<td>78</td>
<td>68</td>
</tr>
<tr>
<td>Goods</td>
<td>65</td>
<td>45</td>
</tr>
<tr>
<td>Any</td>
<td>93</td>
<td>85</td>
</tr>
</tbody>
</table>

Source: SABE Surveys, 2000
NTA data shows that much of the old age transfers (65+) in LAC is private

Source: NTAs
A substantial share of the informal transfers occur within the household.

<table>
<thead>
<tr>
<th>Person involved</th>
<th>Provided support to the elderly</th>
<th>Received support from the elderly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sao Paulo</td>
<td>Buenos Aires</td>
</tr>
<tr>
<td>Household member</td>
<td>80</td>
<td>69</td>
</tr>
<tr>
<td>Children outside</td>
<td>49</td>
<td>41</td>
</tr>
<tr>
<td>Sibling outside</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Other outside</td>
<td>5</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: SABE Surveys, 2000
Private transfers: older persons (65+)
(relative to average labor income 30-49)

Source: NTAs
It is foreseen an increase in the need for long-term care

Older persons with difficulty in performing activities of daily living by age (%)

- 60-64: 13%
- 65-74: 15%
- 75+: 31%

Source: SABE Survey
Lower socioeconomic status is associated with poorer health conditions

- Probability of smoking, diabetes, overweight, and not exercising double among elderly < 3 years of schooling

- Self reporting excellent health condition almost 5 times higher among elderly > 7 years of schooling (Mexico)

Source: SABE Survey, 2000
Long-term care: a major concern

• Long-term care services are limited in the region

• Family is currently the major sources of support and care

• Co-residence is crucial for receiving support in ADL and IADL (UN, 2006)
Final Remarks

• The proportion of older persons living alone is relatively low in developing countries but is expected to increase in the future

• Older persons living alone tend to be a specially disadvantaged group in developing countries, particularly the poorest ones

• Same factors could favor informal transfers:
  – Increasing capacity of women to provide financial support
  – Less competition with grandchildren
Thank You!