



FAMILY CAREGIVING AT OLDER AGES: IMPLICATIONS FOR ADULT CHILDREN BY RACE AND ETHNICITY

*Research conducted by Binderiya Byambasuren, American University
July 2023*

Caring for an elderly parent with disability needs can put an economic strain on adult children in terms of labor market exit or interruptions, income insecurity, and lower asset growth. These strains can put family caregivers in racial and ethnic minority groups, who are often already economically vulnerable, at increased risk for income insecurity. Labor market withdrawal due to family caregiving has implications for work history, lifetime earnings, and Social Security benefits in old age. Examining family care and its differential impact on employment across race and ethnicity sheds light on the potential implications of policies in supporting family caregivers to stay in the labor force and better balance work and caregiving.

Examining racial and ethnic differences in family care and employment for adult children caregivers

The US demographic is aging and increasingly becoming more racially and ethnically diverse. It is well documented that minority families rely more heavily on family care for more prolonged periods of time. Despite the importance, little is known about how family caregiving affects the economic outcomes of caregivers across race and ethnicity. To fill this gap, I focus on adult children of elderly individuals aged 50 and over and examine how caregiving for a parent with a disability affects adult children's employment by racial and ethnic groups.

My analysis has two main parts. Using the 1998-2019 Health and Retirement Study, I first provide descriptive evidence on the disability and family care trajectories of elderly parents by race and ethnicity. I focus on three racial and ethnic groups: non-Hispanic Whites, non-Hispanic Blacks, and Hispanics. Disability is defined as having difficulty performing Activities of Daily Living (ADLs) or Instrumental Activities of Daily Living (IADLs)¹. Family care is measured in the hours an adult child provides helping a parent with a disability. Across racial and ethnic groups, I visualize the parents' needs with ADLs and IADLs in addition to the rate and how many hours elderly parents receive care from their adult children over their life span.

For the second part of my analysis, I examine the effect of family care on employment among adult children across racial and ethnic groups. I employ a statistical model with two stages of decision-making. In the first stage, an adult child decides whether to provide care to their parent with disability needs. In the second stage, an adult child chooses whether to work or not work, conditional on their care decision from the first stage. I use the elderly parent's disability level as an instrument for the adult child's care decision in the first stage to deal with the endogeneity between employment and care work.

¹ In the HRS, ADLs refer to a set of six activities: walking across the room, dressing, bathing, eating, toileting and getting out of bed; and IADLs refer to a set of five activities: managing money, using phone, taking medications, making meals and grocery shopping.



Minority populations have higher disability needs and they rely on family care at a higher rate

The descriptive analysis shows that Non-Hispanic Blacks and Hispanics have an earlier onset of disability and have higher levels of disability needs across the life span, compared to non-Hispanic Whites. Consequently, they rely on family care from their adult children at a higher rate. Until age 65, close to 10 percent of non-Hispanic Blacks and Hispanics receive family care from at least one adult child, compared to 2 percent of non-Hispanic Whites. The share increases rapidly after age 70 with roughly 50 percent of non-Hispanic Blacks and Hispanics receiving family care compared to around 35 percent for non-Hispanic Whites. See Figure 1.

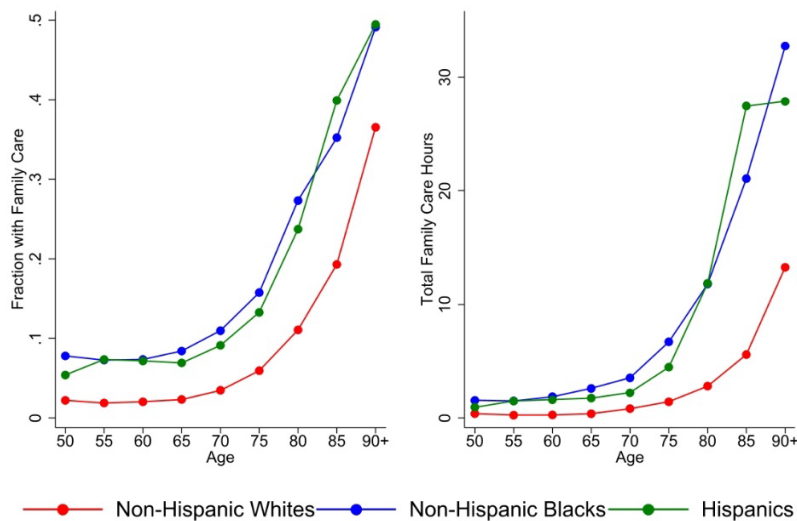


Figure 1. The trajectories of disability and family care across life span

Family care is associated with lower employment rate for adult children and the effects are heterogeneous by care type and by race and ethnicity

Depending on the care type, helping an elderly parent with disability needs lowers adult children's employment by 4.6 to 9.2 percentage points. Helping with chore activities such as running errands and providing transportation for elderly parents affect employment more strongly compared to helping with ADL or IADL care. In terms of race and ethnicity, the effects are driven largely by non-Hispanic Blacks, followed by non-Hispanic Whites. In some cases, non-Hispanic Blacks are three times less likely to be employed compared to non-Hispanic Whites. See Figure 2.

Younger workers are affected by family caregiving more than older workers

For young workers, those aged less than 40, helping a parent with ADL or IADL care reduces employment by 7.8 percentage points for non-Hispanic Whites and by 16 percentage points for non-Hispanic Blacks. On the other hand, for those aged between 40 and 65, ADL or IADL care is associated with a reduction of 3.7 percentage points for non-Hispanic Whites and 10 percentage points for non-Hispanic Blacks. See Figure 3.

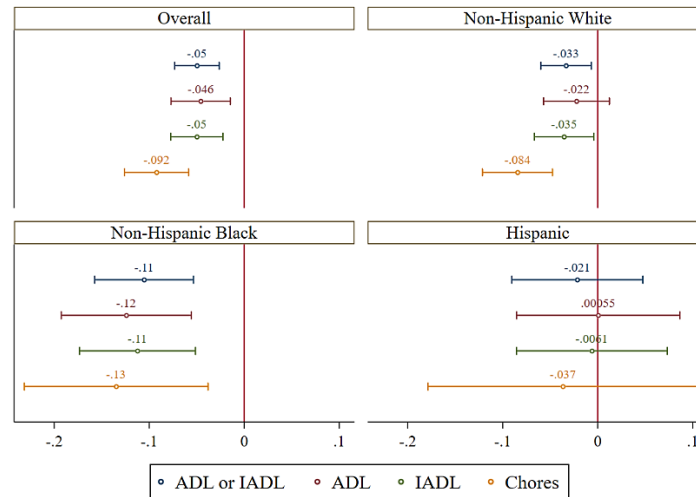


Figure 2. The average marginal effects of family care on adult children's employment

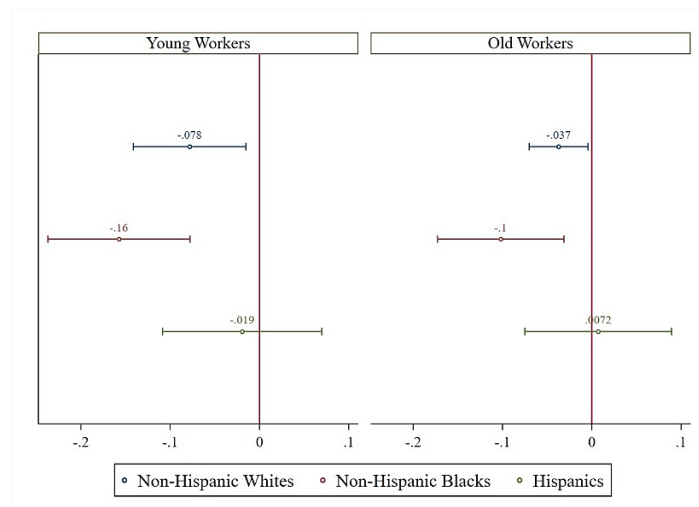


Figure 3. The average marginal effects of ADL or IADL care on adult children's employment: younger versus older workers

Implications

- Family caregiving reduces employment for non-Hispanic Whites and non-Hispanic Blacks. The effects are particularly high for non-Hispanic Blacks who are often already disadvantaged in the labor market and are at increased risk for income insecurity.
- Workplace and long-term care policies supporting family caregivers may have strong implications for racial and ethnic disparities in labor market outcomes associated with family care obligations.

The research reported herein was performed pursuant to a grant from the U.S. Social Security Administration (SSA) funded as part of the Retirement and Disability Consortium. The opinions and conclusions expressed are solely those of the author(s) and do not represent the opinions or policy of SSA or any agency of the Federal Government. 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.