

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

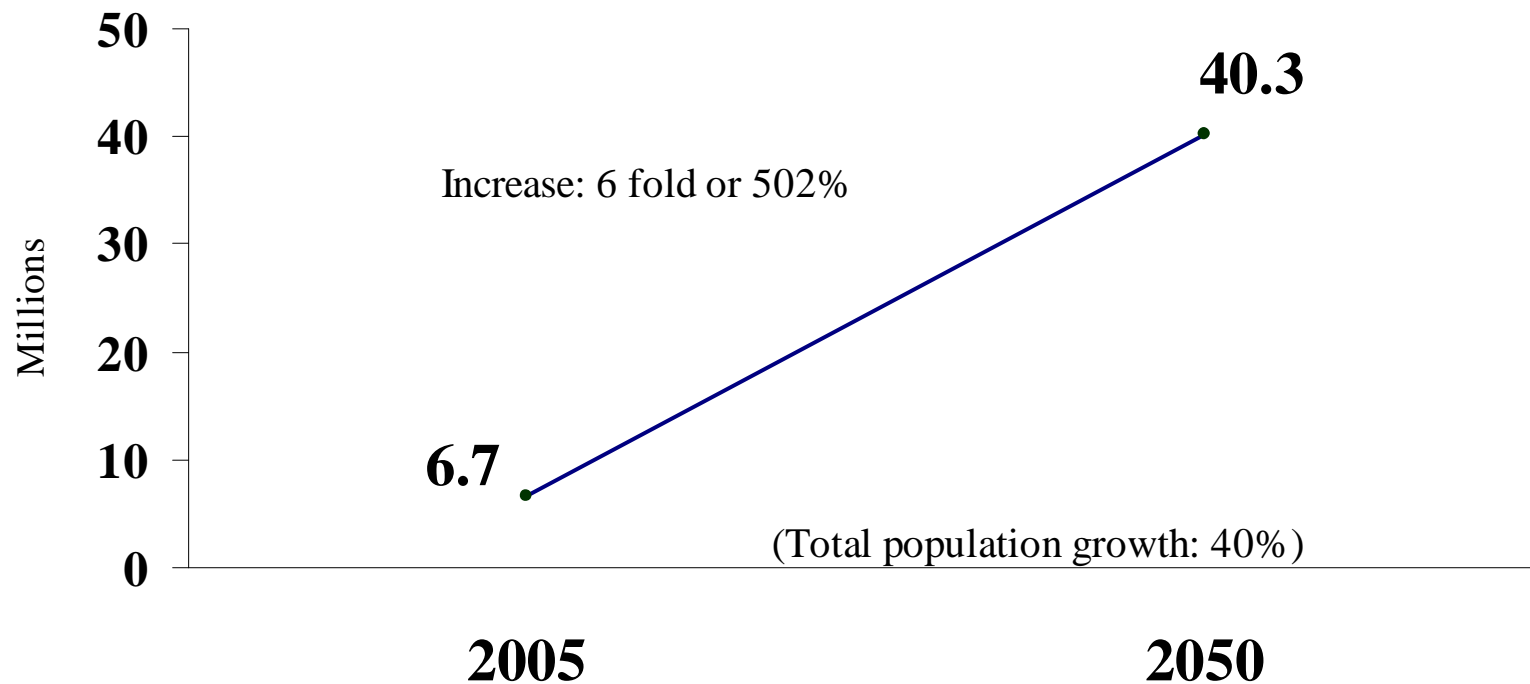
- Fast population ageing
- Increasing demand for old age support – particularly long term care
- Changing family structure – decreasing family network, economic role of women
- Decreasing potential for informal support transfer to the older population

The oldest old is the fastest growing age group

Age group	Average annual growth rate (%)	
	2000-2005	2045-2050
Total	1.4	0.4
60+	2.9	1.7
80+	4.0	3.4

Source: CEPAL/CELADE

The number of persons aged 80+ is expected to increase 6 fold between 2005 and 2050 in LAC

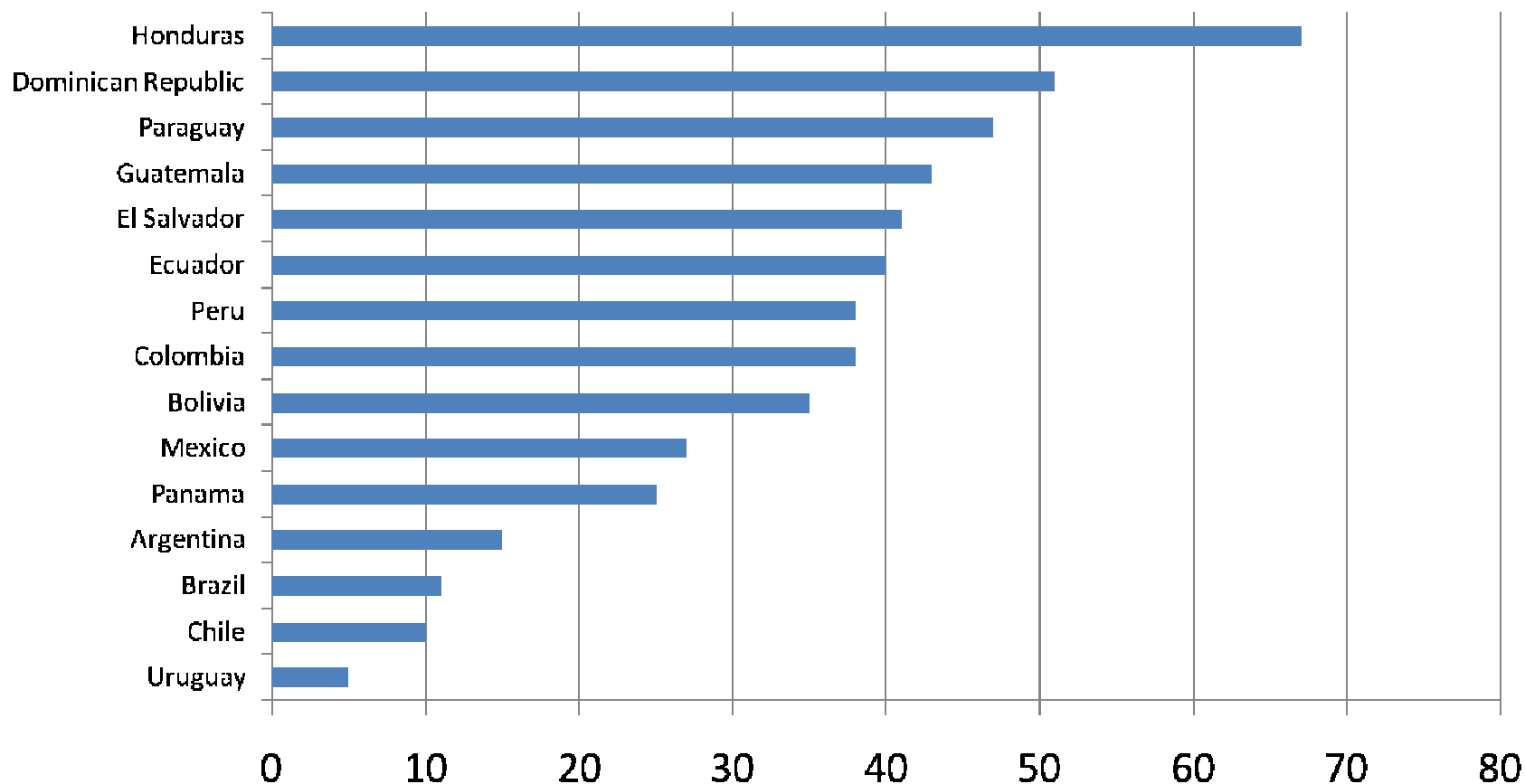


Vulnerability increases with age

- 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

Country	% receiving pension	Poverty headcount ratio for persons aged 60+ (2001-2005)	
		Including pension income	Excluding pension income
Brazil	77	4	48
Chile	55	2	23
Mexico	20	27	40
Nicaragua	10	40	44

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

Family type	1982 (%)			2002 (%)		
	Needy	Poor	Non-poor	Needy	Poor	Non-poor
Families without elderly	36	30	34	34	29	38
Families with elderly	23	38	40	12	33	55
Elderly families	19	34	48	7	21	72
Total	32	31	37	26	27	47

Source: IBGE/PNAD 1982 and 2002

Reality of old age poverty in LAC

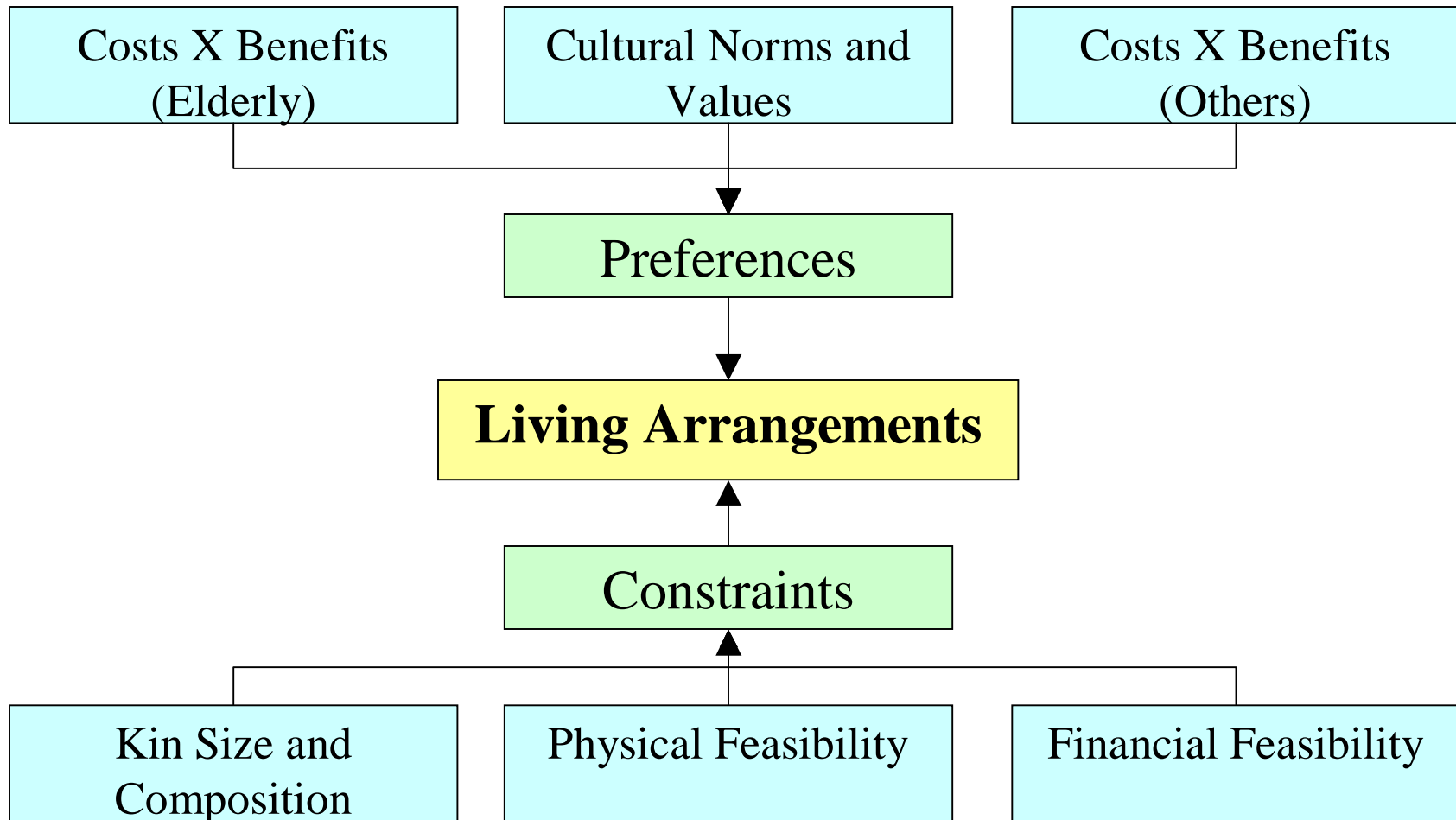
- Most of LAC elderly do not receive pensions, and most of LAC workers are not covered by the social security system, and will not have a pension in the future, at least within the contributory regime
- Countries with well-developed pension systems, where old age poverty is now relatively low, will face 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

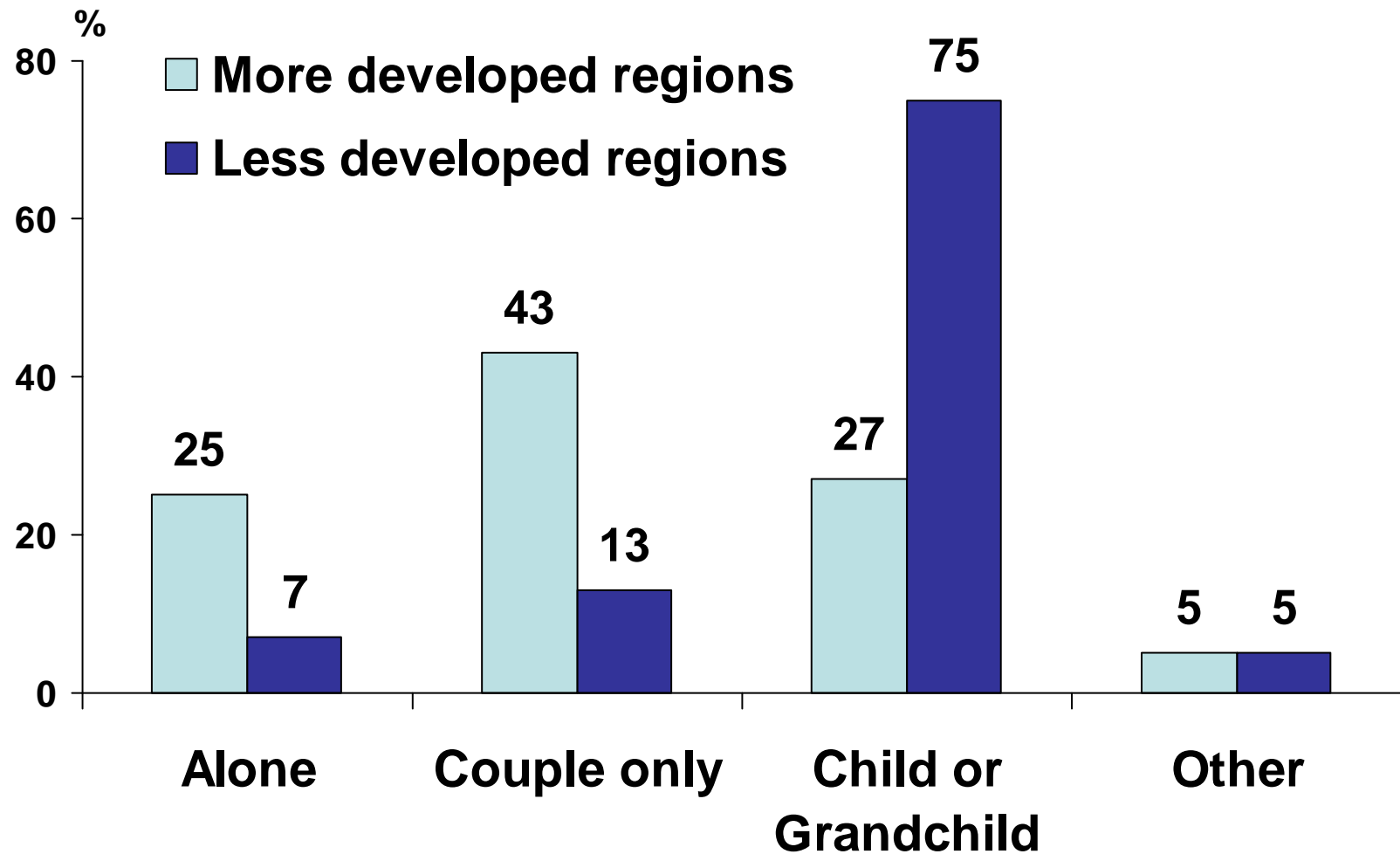
Why informal support transfers and living arrangements of older persons are relevant in LAC?

- 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

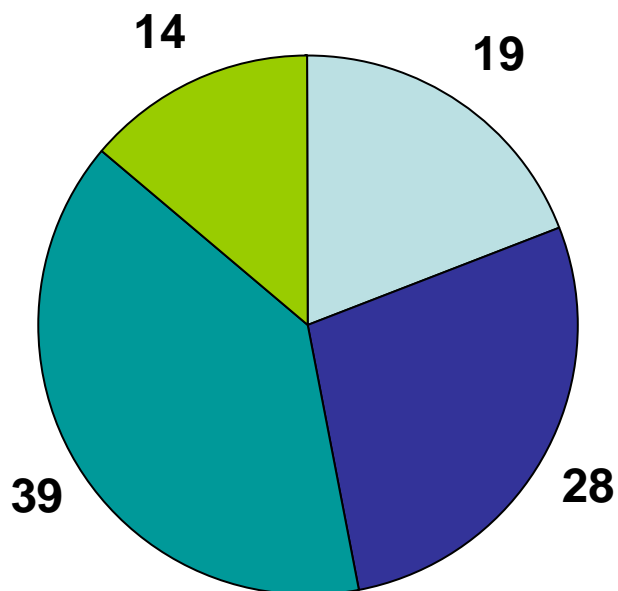


Percentage of Older Persons (60+) in Different Living Arrangements



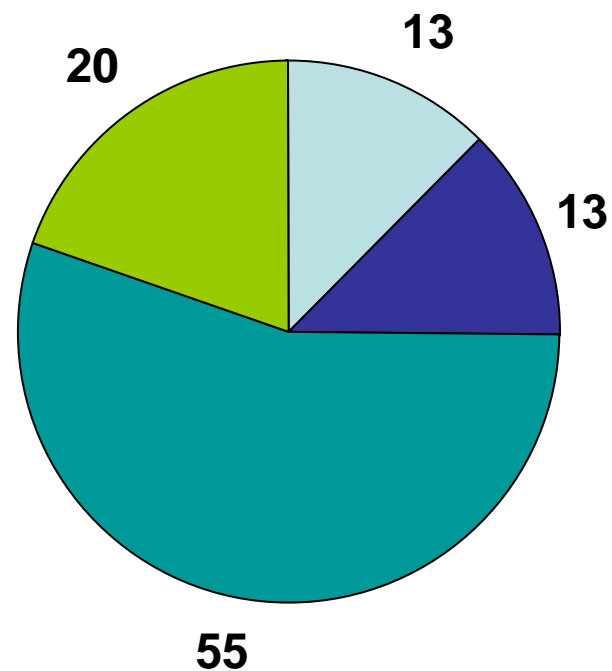
Important differences between countries within LAC (65+)

Argentina



Alone Spouse only With children Other

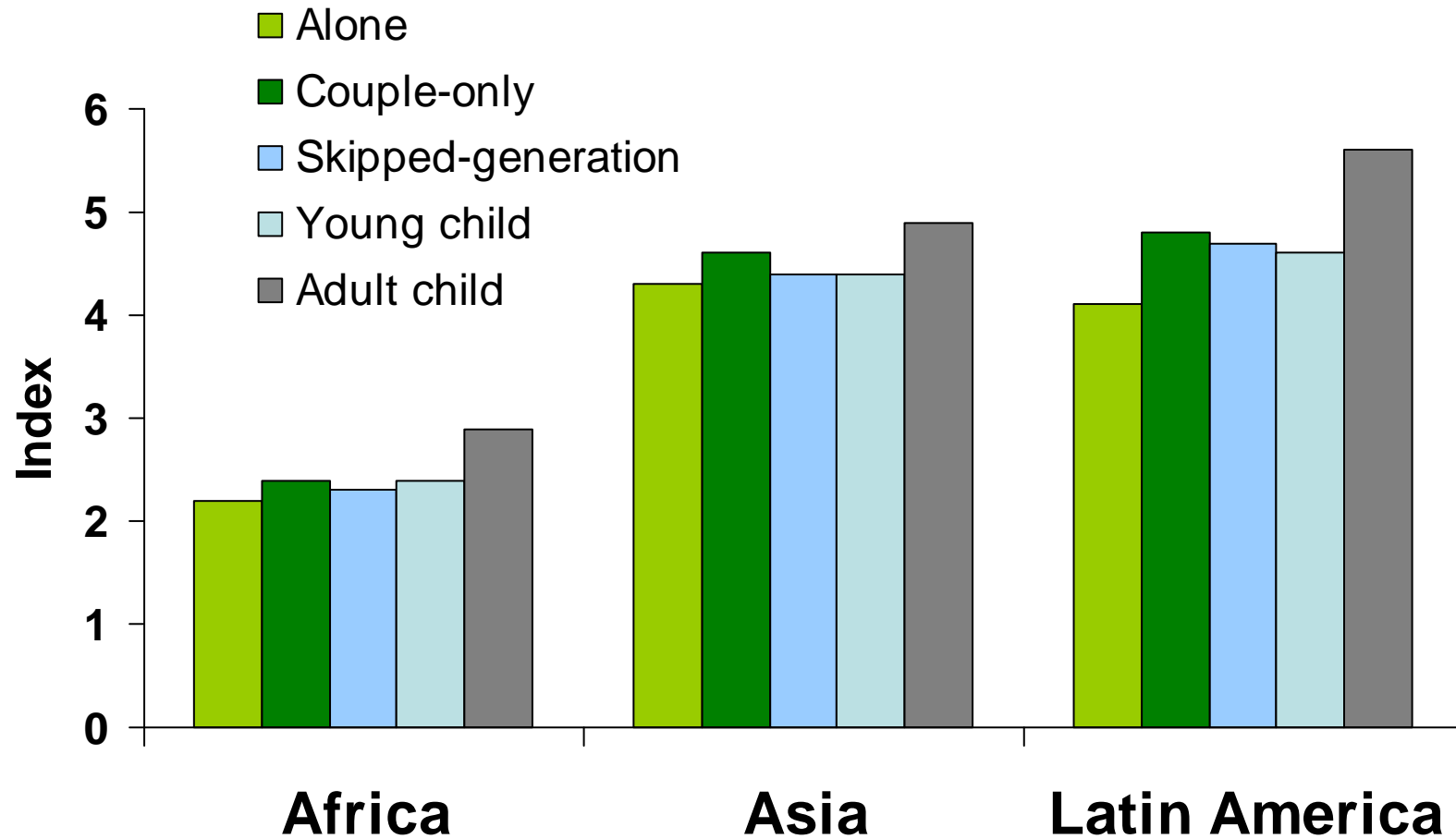
Panama



Alone Spouse only With children Other

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

Logistic regression models

- a) All countries together
- b) Separate countries

Dependent variable: Lives Alone

Independent variables: NBI (Unsatisfied Basic Needs); education

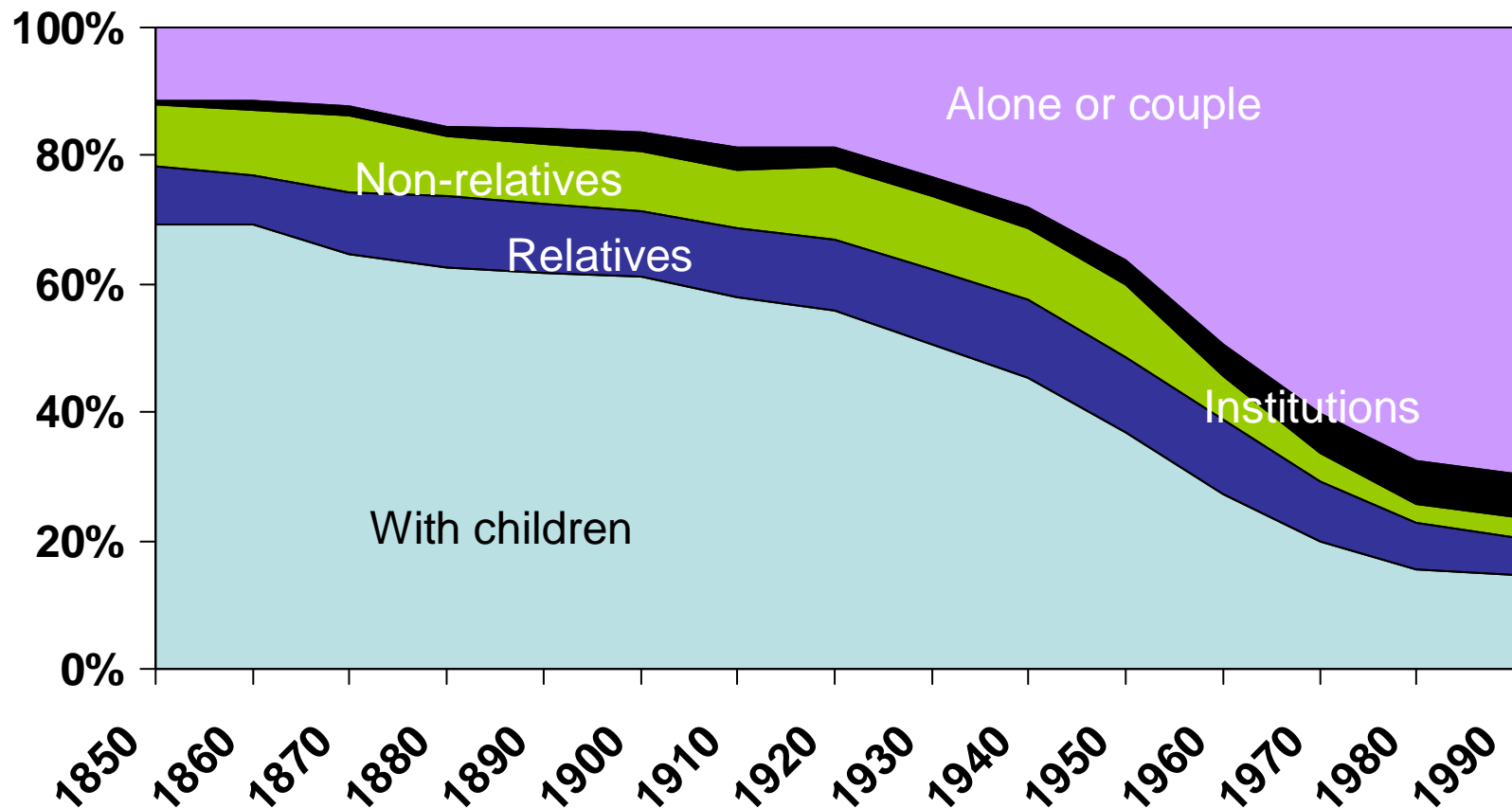
Control variables: Sex and period

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

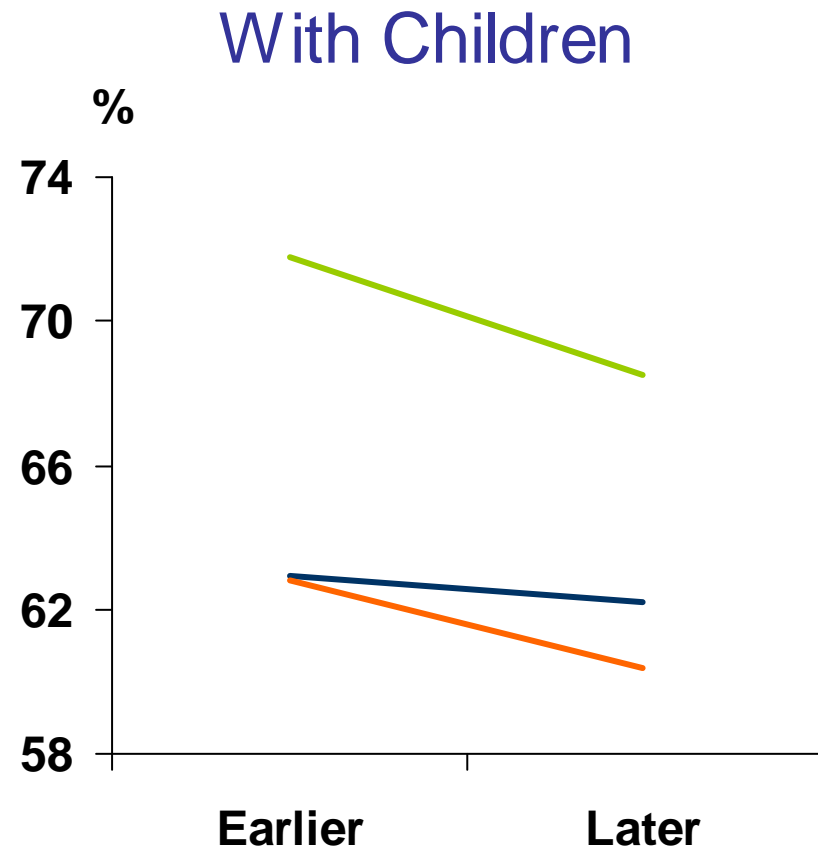
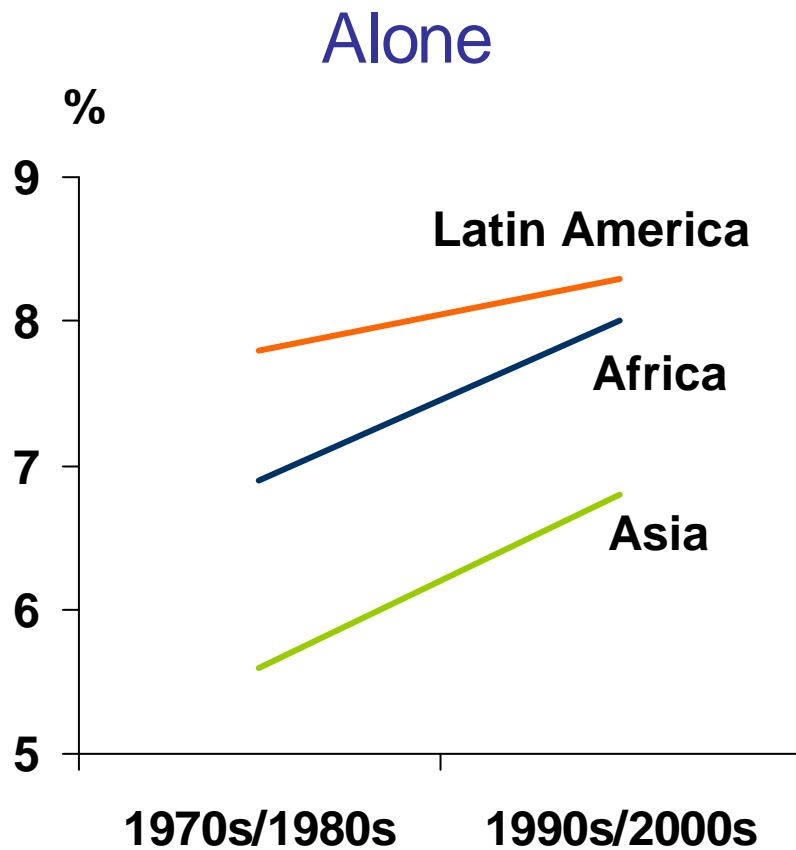
Distribution of Living Arrangements United States 1850-1990

(White Persons Aged 65+)



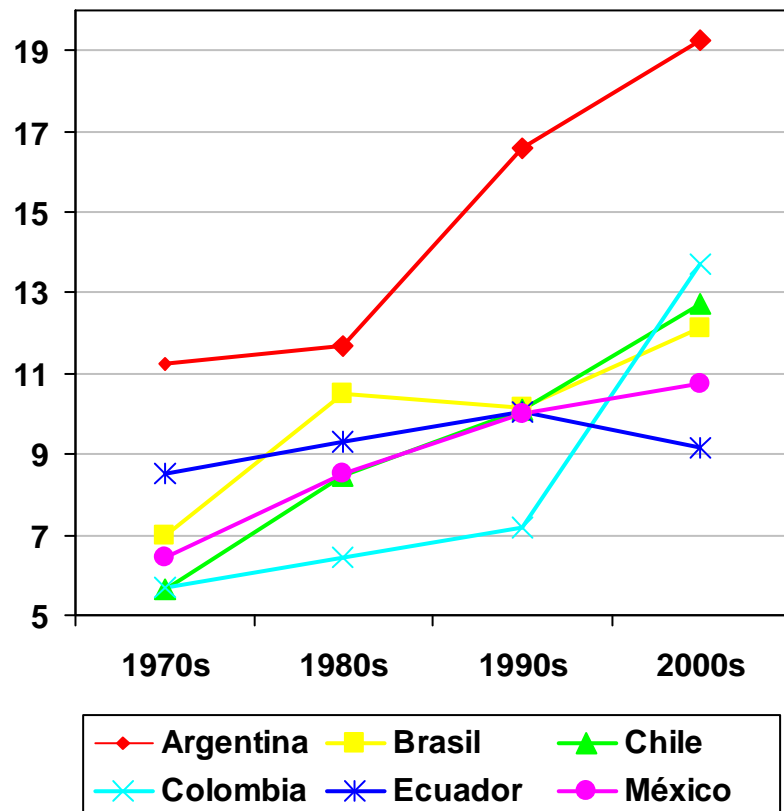
Source: Steven Ruggles (2001)

Trends in Living Arrangements of older persons (60+)

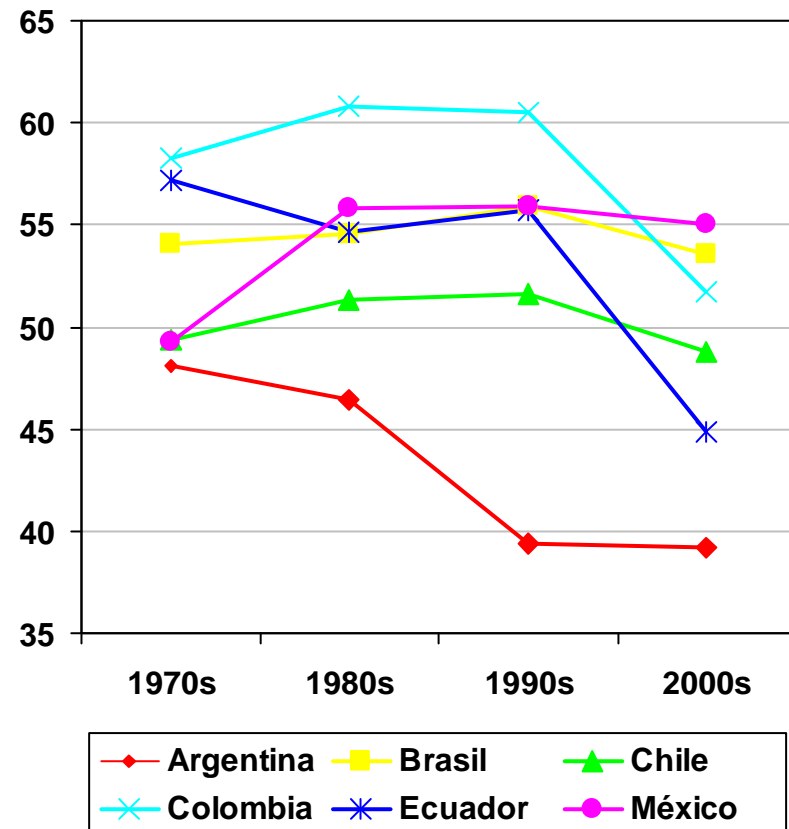


Living arrangements of older persons (65+): 1970s – 2000s

ALONE



WITH CHILDREN



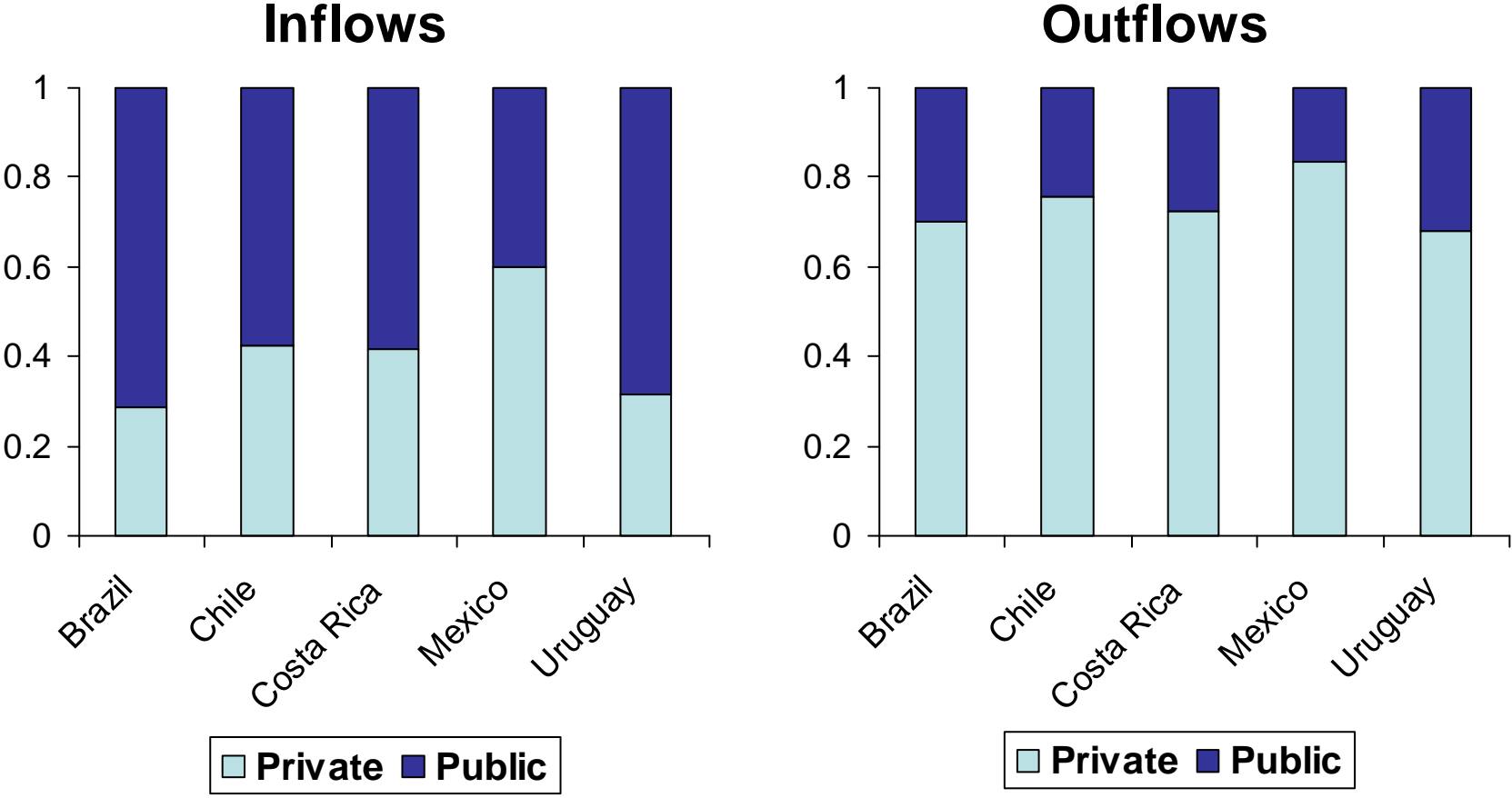
Source: Population and household Census, IPUMS

Informal support transfers are quite common among the elderly in LAC

Kind of support	Received support (60+)				Provided support (60+)			
	Sao Paulo	Buenos Aires	Montevideo	Mexico City	Sao Paulo	Buenos Aires	Montevideo	Mexico City
Financial	61	59	65	74	49	42	62	39
Service	78	68	67	64	64	60	57	50
Goods	65	45	53	54	56	41	50	41
Any	93	85	88	90	88	79	86	76

Source: SABE Surveys, 2000

NTA data shows that much of the old age transfers (65+) in LAC is private



Source: NTAs

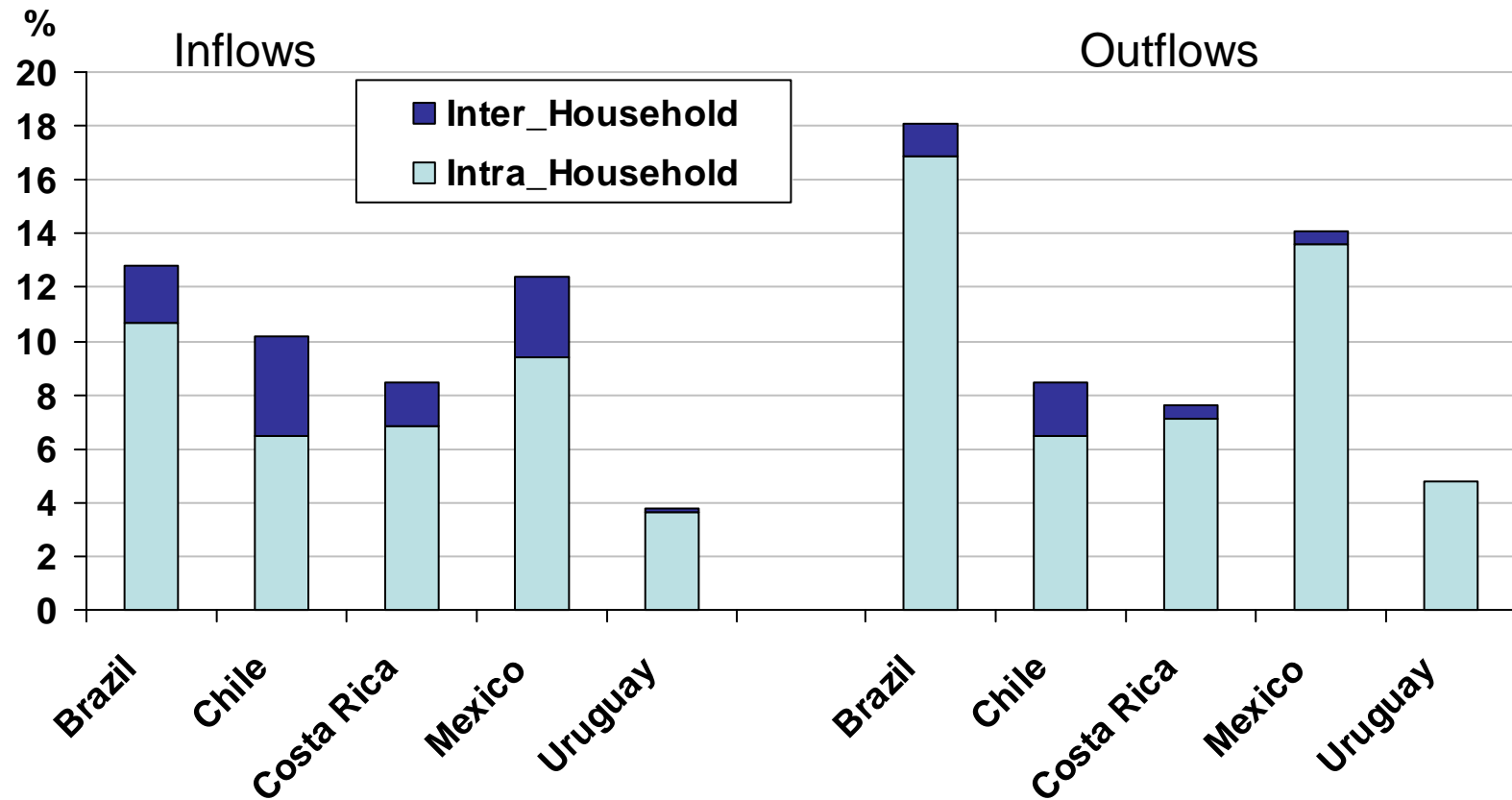
A substantial share of the informal transfers occur within the household

Person involved	Provided support to the elderly				Received support from the elderly			
	Sao Paulo	Buenos Aires	Montevideo	Mexico City	Sao Paulo	Buenos Aires	Montevideo	Mexico City
Household member	80	69	75	79	79	67	76	70
Children outside	49	41	36	49	38	35	33	24
Sibling outside	13	13	13	7	14	13	12	6
Other outside	5	8	6	4	7	10	6	2

Source: SABE Surveys, 2000

Private transfers: older persons (65+)

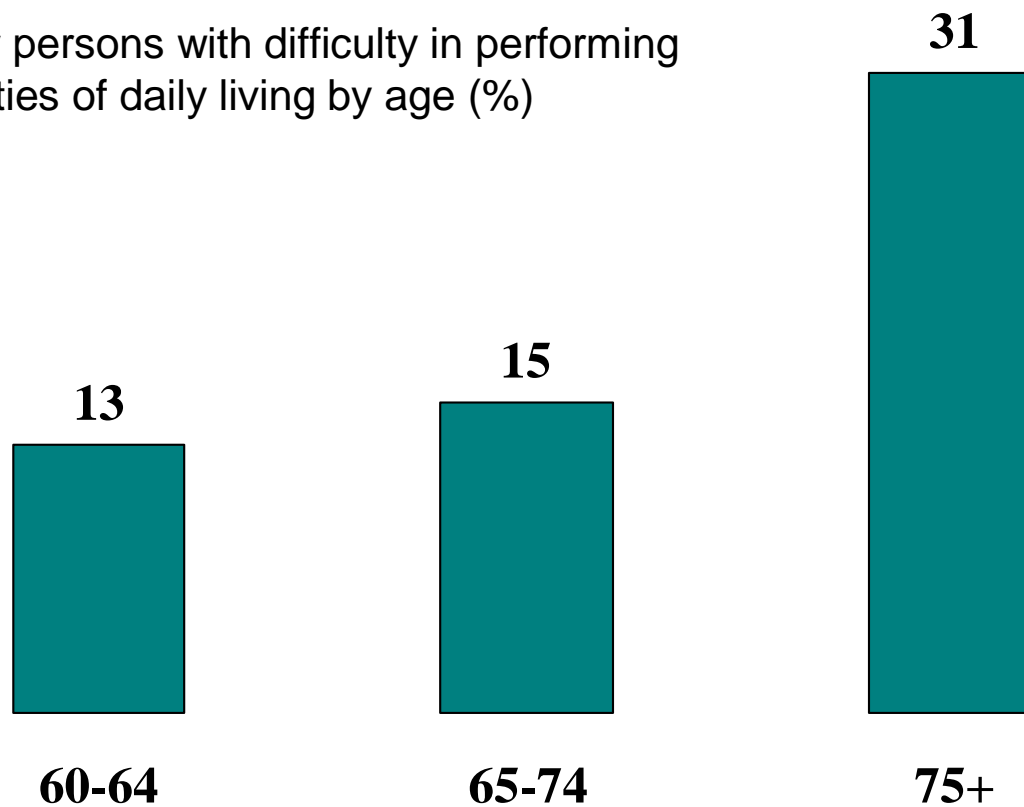
(relative to average labor income 30-49)



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 (%)



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!