Parental Retirement Timing: The Role of Unanticipated Events in the Lives of Adult Children

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ABSTRACT: Although anecdotal evidence of older parents postponing retirement to financially support their grown children is common, the empirical evidence is scarce. In this paper, we use data from 1992-2010 waves of Health and Retirement Study to identify a broad set of pivotal events in the lives of adult children. First, we study which of these events shift parental retirement expectations. Next, we quantify the causal impact of unexpected events on retirement realizations, moving beyond the correlational analyses in prior literature. Contrary to anecdotal evidence, we do not find that children's events cause a delay in retirement. Moreover, our results indicate that a child's move out of parental home has the opposite effect, significantly reducing both the expectations of working after age 65 as well as the realized rates of full-time work past 65. The magnitude of this effect is equivalent to that of own health shock experienced during pre-retirement years.

KEYWORDS: Retirement, retirement expectations, labor force exit, financial support, co-residence
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Considering the aging population and growing concerns over the long-term solvency of the Social Security program, understanding how prepared older workers are for retirement and to what extent their retirement expectations incorporate future uncertainty becomes increasingly important. The extensive literature on determinants of retirement intentions and realizations has generally focused on the impacts of older workers' own health shocks and financial incentives. However, unanticipated family circumstances, particularly events affecting older workers' adult children, can also play a role in the retirement process. Economic setbacks experienced by adult children may require financial assistance and, thus, be a source of strain on parental retirement savings. As reported by Merrill Lynch, "the vast majority of people age 50+ have never budgeted and prepared for providing financial support to other family members (88%) […] even though they are highly likely to provide such support" (2013, p.8). As a result, 30% of pre-retirees age 50+ say they would remain in the labor force longer to support their family members (Merrill Lynch 2013). Despite the anecdotal evidence of parents postponing their retirement to pay for their children's education, assist through a period of unemployment, or help with expenses associated with newborn grandchildren, empirical evidence remains scarce. In this study, we directly test whether the unforeseen family circumstances of older workers are important determinants of retirement expectations and ultimate labor force exit.

The novel contribution of this paper is quantifying the impact of a broad set of events in adult children's lives on older worker's retirement expectations and realizations. Using rich family data from the 1992-2010 waves of the Health and Retirement Study (HRS), we identify a number of pivotal events for adult children (who are ages 25 to 33 on average), including marriage or divorce, loss or gain of employment, as well as moving in or out of the parental home. Our study takes advantage of the data on retirement expectations and labor force status measured in each wave of HRS in order to move beyond the correlational analysis in the prior literature and determine causal impacts of unanticipated family circumstances. Due to the structure of the survey questions, our measure of retirement expectations captures self-reported probabilities that older workers continue working full-time past age 65, while the retirement realizations reflect whether or not workers are in the labor force with a full-time job past 65.

Since retirement follows well-documented patterns with spikes in retirement hazards at ages when workers first become eligible for early and full Social Security benefits, we focus on the years leading up to the Early Eligibility Age (EEA) of 62. In particular, we define years 58-61 as the pre-retirement years because we expect unanticipated shocks occurring close to a possible retirement date to have the largest impact on retirement timing. Given that there are likely to be significant gender differences in retirement determinants,[2] we follow prior literature in focusing our analysis on men.

The analysis proceeds in two steps. First, we establish which events in adult children's lives shift retirement expectations of the older workers during their pre-retirement years. Second, we explore whether events that alter expectations also affect the actual retirement decisions.

The results show that the vast majority of examined changes in children's lives do not have a significant and systematic effect on parental retirement expectations. This finding is consistent with interpretations that the majority of events are either already incorporated into parental expectations by age 58, do not pose a significant shock to retirement savings, or do not have a consistent effect on older workers' retirement decision. However, one event, a child's move out of

[2] For instance, Van Bavel and De Winter (2013) show that births of grandchildren affect the retirement decisions of women but not men.

the parental home, is not fully anticipated and results in a significant decrease in late retirement expectations. In particular, child's move out of parental home reduces the self-reported probability of full-time work by 5 percentage points. Considering that own deterioration in health during pre-retirement years reduces the stated probability of full-time work by only 7 percentage points, the effect of child's move on retirement expectations is large in magnitude.

Tracing the impact of the unanticipated event on retirement realizations, we find that the child's move ultimately reduces the realized rate of full-time work past age 65 by 10 percentage points, significant at 5% level. The effect of child's move is equivalent in magnitude to own health deterioration during pre-retirement years, indicating an important role for certain family circumstances in retirement timing. Our findings highlight the financial mechanism for the impact of the move as the move reduces subsequent financial support given to children by approximately $1,800 annually over a four-year period. Furthermore, we explore characteristics of children who move out and find that these children are about 25 years old on average and have higher incomes after the move. In fact, almost one fifth of these adult children successfully purchase their own homes in the wave following the move. Although detailed analysis of children is limited by the data and coarse measures of children's financial condition, the results are consistent with a hypothesis that children who move out do better financially than their parents have anticipated, thus enabling the parents to reduce financial support and retire earlier than expected.

The rest of the paper is organized as follows. Section I provides a review of the relevant literature. Section II presents a simple theoretical framework. Section III describes the data and sample selection. Section IV explains the methodology. Section V presents the main results and the robustness tests, and Section VI concludes.

I. Related Literature

The prevalence of financial support provided by older parents to their adult children has been surging since the 1980's. Wightman, Patrick, Schoeni, and Schulenberg (2013) employ historical data from the national Monitoring the Future survey to track patterns over the period of 1977 to 2011. They show that the fraction of adult children in their early and mid-twenties receiving financial assistance from their parents has grown by over 20 percentage points. Only 47% of individuals ages 23-24 received assistance in 1982, while 68% received support in 2011.

The typical financial support given to children is sizable in magnitude, and studies have shown that parents provide even greater assistance to children in need. For instance, Leukhina and Santoro (2011) find that the average transfers given by parents over the age 50 to their non-coresident children are over $7,000 per year, and increase further when children experience a negative income shock, such as job loss. Similarly, Cox and Way (2011) demonstrate that becoming unemployed is associated with increased transfers from family and friends, and McGarry and Schoeni (1995) document that parents give more financial assistance to lower-income children. Moreover, Charles, Danziger, Li, and Schoeni (2014) find that consumption expenditures are significantly correlated across adult children and older parents' households, even after controlling for income correlations.[3] The authors' findings suggest a role for inter-vivo transfers

[3] Altonji, Hayashi, and Kotlikoff (1992) as well as Hayashi and Kotlikoff (1996) rejected full risk-sharing within families using earlier data on food consumption. Charles, Danziger, Li and Schoeni employed the same dataset as was used in the prior studies, PSID, but utilized the latest

in consumption smoothing and highlight the need to measure the effects of such transfers.

As the financial support to adult children becomes more widespread, it is important to understand the impact of this support on the parents, and, in particular, whether assisting children affects older workers' retirement expectations and the timing of labor force exit. The literature on retirement expectations has generally found older workers to be competent at forming expectations, although workers do not use all information available to them at the time (Bernheim 1989). Benitez-Silva and Dwyer (2005) examine the rationality of retirement expectations using the 1992-2000 HRS data and find that the majority of individuals correctly plan for most uncertain events, with the exception of some health shocks, health insurance needs, and new job transition. The authors conclude that the rational expectation hypothesis cannot be rejected in the HRS data.

While previous studies examined the effects of health and wealth shocks on retirement expectations (McGarry 2004), no studies to our knowledge have explored the extent to which important events in adult children's lives affect expectations. One study that considers the effect of certain family characteristics on retirement expectations and realizations is done by Damman, Henkens, and Kalmijn (2011). Using panel data on Dutch workers, the authors establish that pre-retirement age men with younger children and with more financially dependent children are less likely both to expect early retirement and to retire early. These correlations may reflect greater exposure to shocks to children's financial well-being.

available records as well as a more comprehensive measure of consumption within extended families.

The vast literature on retirement determinants has similarly focused on health and wealth factors. Hurd, Smith, and Zissimopoulos (2004) study self-reported survival probabilities and find modest effects of low survival probability on early retirement and Social Security benefit claiming. Looking at wealth factors, Coile and Gruber (2007) find that present discounted value of Social Security benefits and benefit accrual have significant effects on retirement timing, with higher future benefits increasing the probability of retirement. Similarly, Johnson, Penner, and Toohey (2008) show that older workers' considerations of future financial expenses, in particular out-of-pocket health care costs, influence their choices of when to retire.

The effect of children's circumstances on retirement timing has received substantially less attention in the literature, and only recently have studies begun to fill the gap in our understanding of the role of the family. Using aggregate data from 22 European countries, Van Bavel and De Winter (2013) find that the birth of a grandchild is associated with higher probability of retirement for women, suggesting that the need to care for the newborn grandchild affects the decision to exit the labor force. In the study most closely related to this paper, Szinovacz, DeViney, and Davey (2001) utilize data from the National Survey of Families and Household (NSFH) to examine whether family structure and obligations affect the timing of retirement. Although frequency of contact with children does not appear to be related to the retirement decision, the authors find that providing financial assistance to children is associated with a lower probability of labor force exit. However, due to small sample constraints, the authors aggregate male and female respondents between ages 55 and 75 in the analysis, thus restricting transfers to have the same effect irrespective of age or gender. More importantly, NSFH does not have data on retirement expectations or financial security of the workers which would affect both transfers to their children and the retirement timing. In this paper, we exploit detailed HRS data on retirement expectations, financial and health factors as well as changes in family circumstances of male workers to first identify a set of important events in adult children's lives, and then determine the extent to which these events impact retirement expectations and actual retirement timing.

II. Theoretical Framework

For workers approaching retirement, unexpected financial need experienced by adult children can present a considerable wealth shock. If parents are unable to fully finance higher transfers to children through lower consumption, they may respond by delaying retirement. Ideally, wealth shocks would then be defined as the difference between actual and expected financial support given to children in the pre-retirement years. Unfortunately, data on planned financial support to family members is not available in the HRS. Instead, we utilize data on expected retirement timing as a proxy for expected financial preparedness for retirement. We infer wealth shocks indirectly by examining which events shift retirement expectations. For example, if an event leads to an increase in the expectation of retiring after age 65, we conclude that this event is likely to be associated with either contemporary or subsequent transfers that were not expected and are large in magnitude, thus presenting a wealth shock.[4] Since leisure is a normal good, a negative wealth shock late in life can be expected to delay retirement while a positive shock is likely to expedite it.

[4] The relationship between unexpected events and resulting financial support is not necessarily simultaneous. Data show that some unexpected events lead to a change in transfers occurring over the next 4 years. Furthermore, to the extent that certain children's events are anticipated, parents can adjust financial support in the years leading up to these events. Thus, it is difficult to fully quantify a wealth shock by measuring the relationship between the events and contemporaneous transfers.

Relying on retirement expectations data to identify wealth shocks has several important limitations. First, children's events can impact retirement expectations and realizations through non-financial channels, leading to time transfers or altering the value of leisure in retirement. For instance, birth of grandchildren could cause older workers to spend more time baby-sitting as well as derive higher utility from being retired. Our data do not allow us to separate the effect of non-financial and financial factors, and thus the events in our analysis affect retirement expectations via both of these channels. As the non-financial and financial factors exert opposing forces on the decision to retire, with time demands encouraging early retirement, while the need to financially support family members encouraging later retirement, our findings can be interpreted as the net effect of financial and non-financial considerations. Although it is difficult to measure the magnitude of the non-financial considerations, we find evidence for the role of the financial channel.

A second limitation of our analysis is that we cannot identify all of the unanticipated events in the lives of adult children. Older workers can respond to children's events either by changing consumption patterns or labor supply paths. Our approach only captures the events that shift the latter.

Once we identify children's events that shift parental retirement expectations, we investigate whether these events ultimately affect retirement realizations. If retirement expectations are accurate predictors of actual labor force exit, then all events that change expectations would also change retirement timing.

III. Data and Sample

In this project, we use panel data from the RAND version of the 1992-2010 Health and Retirement Study (HRS), which is a national biennial survey of individuals over the age 50. The features of HRS essential to our analysis are the data on older workers' retirement expectations and family circumstances measured in each wave as well as ultimate retirement realizations.

HRS includes two distinct measures of retirement expectations: planned retirement age and probabilities of working full-time past ages 62 and 65. In particular, the question on planned retirement age asks respondent the following: "Do you plan to stop working altogether or reduce work hours at a particular date or age, have you not given it much thought, or what?" The question on probabilities of working full-time asks, "Thinking about work generally and not just your present job, what do you think are the chances that you will be working full-time after you reach age 65 (62)?" Following Goda, Shoven, and Slavov (2011), we use probabilities of working full-time as our main measure of retirement expectations for several reasons. First, the question underlying planned retirement age is imprecise and could be interpreted to mean either full or partial retirement, while the probabilities questions are less subject to misinterpretation. Second, numerical answers for planned retirement age are only available for 34% of individuals in our sample, as 46% of respondents say that they will 'never' retire. In contrast, data on full-time work probabilities are available for 82% of our sample.

To measure retirement realizations, we use the data from the HRS RAND labor force status variable, which combines information from a number of labor force questions. We construct an indicator that captures whether respondents were employed full-time after they reached age 65 (or 62), reflecting the probabilities question.

To identify pivotal events in adult children's lives, we rely on linked data on respondents' children. In particular, our dataset contains total number of living children and grandchildren as well as total number of children who are married, reside with the parent, and work full-time or part-time in each wave.[5] From this information, we construct indicators for changes in children's circumstances based on changes in these totals between waves. For instance, if we observe that the number of resident children decreases from one wave to the next, we assign a value of 1 to our indicator variable for child's move out of a parental home.[6] Indicators for improvement or deterioration in own or spousal health are based on self-reports of health[7] and are constructed analogously.

Due to the biennial survey design, some respondents are only observed at age 60 while others are only observed at age 61. Since our goal is to focus on workers approaching EEA of 62 years, we combine data from respondents observed at age 60 and 61 for sample size considerations. Furthermore, due to the structure of the data, children's events and health changes reported in year *t* refer to events that occurred within the two years prior to *t*. Thus, the events reported at ages 60/61 have occurred between ages 58/59 and 60/61. The age 58/59 is the baseline age in our sample at which we measure demographic and financial controls. Years between 58/59 and 60/61 (abbreviated as 58-61) are defined as the pre-retirement years since they are leading up to the EEA and the first observed spike in the retirement hazard.

[5] HRS family data also include the total number of children in school as well as the total number of home-owning children. Unfortunately, data on children's schooling are only available for 37% of our sample due to missing records. We do not utilize data on the number of home-owning children in our baseline analysis due to difficulties with interpretation. It is not clear whether a decrease in the number of home-owning children indicates higher or lower financial need, as loss of homeownership could imply children's financial ruin or signal decreased need due to elimination of mortgage payments. When included in the analysis, coefficients on indicators for loss or gain of homeownership among children are not statistically significant and do not change our baseline results.

[6] Although it is possible for our indicator variable to pick up cases where parents are the ones who are moving out of their children's homes, the data suggest that such cases are unlikely. About 87% of our respondents are homeowners at the baseline, and no respondents indicate that any of their children were on their home deed prior to the move.

[7] Health is evaluated on a 5-point scale: 5-Excellent, 4-Very good, 3-Good, 2-Fair, and 1-Poor.

We use data on the 1931-1941 birth cohorts because HRS enables us to track these individuals from their fifties and until age 69 and beyond. Following prior literature, we focus our analysis on men.[8] Since we aim to measure children's events occurring as close as possible to the EEA, we restrict our attention to men who are observed at the ages of 58/59 and 60/61 in the survey. Our sample consists of married men who are in the labor force at age 58/59, have not been previously retired, and have at least one child.[9]

IV. Methodology

Our analysis proceeds in two steps. First, we identify events in adult children's lives that appear to be unanticipated and shift parental retirement expectations during the ages of 58-61. Second, we determine whether the events that alter expectations also change the realized rates at which parents work full-time past age 65. In addition, we conduct a parallel analysis examining expectations and realizations of full-time work past age 62.

In the first step, we estimate the following baseline specification:

$$[1] \quad P(65)_{i,60/61} = \beta_0 + \beta_1 P(65)_{i,58/59} + \beta_2 P(62)_{i,58/59} + \boldsymbol{ChildenEvents_{i,60/61}\theta} + \boldsymbol{HealthChanges_{i,60/61}\Omega} + \mathbf{X^c_{i,58/59}\delta} + \mathbf{X^p_{i,58/59}\Gamma} + \boldsymbol{\lambda_t} + \varepsilon_{it}$$

[8] We have also examined the female spouses of the respondents; however, our analysis was constrained by a much smaller sample. As women typically retire earlier than men, the average age of spousal retirement is 54 years in our data. At the baseline, 34% of spouses are already not in the labor force, and we observe only 66% past age 65. Our findings suggested that there is some adjustment to children's events taking place on the spousal labor supply margin; however, the small sample prevents us from drawing any definitive conclusions. The spousal labor supply results are available upon request.

[9] Results are robust to including non-married men and controlling for baseline marital status at ages 58/59. Following Hurd, Smith and Zissimopoulos (2004) we define individuals to be in the labor force if they report working full-time, part-time or are unemployed. Either biological or step-children are included; however, only 10% of our sample report having step-children.

where $P(65)_{i,60/61}$ is the self-reported probability of working full-time past age 65 measured at ages 60/61. A critical feature of our analysis is controlling for baseline retirement expectations, $P(65)_{i,58/59}$ and $P(62)_{i,58/59}$,[10] captured at ages 58/59, prior to the observed changes in children's circumstances.[11] $\mathbf{X^c_{i,58/59}}$ is a vector of children's characteristics reported at ages 58/59, including total number of children and grandchildren, number of children who are working full-time and part-time, whether they were married, whether they reside with the parent as well as the ages of the youngest and oldest child. $\mathbf{X^p_{i,58/59}}$ is a vector of parent's characteristics reported at ages 58/59, including labor force status, education, race,[12] indicators for good and poor health, self-reported expectation of living to age 75,[13] and a set of financial controls.[14] $\boldsymbol{\lambda_t}$ is a year fixed effect.

The key coefficients of interest are on the vector of $\boldsymbol{ChildenEvents_{i,60/61}}$ which contains the set of pivotal changes in children's lives, such as child's marriage or divorce/widowhood, loss or gain of employment,[15] birth of own children, as well

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[10] We include both P(65) and P(62) to better capture baseline retirement expectations; however, the results are robust to excluding P(62), the self-reported probability of working full-time past age 62.

[11] We regress P(65) reported at ages 60/61 on P(65) reported at the baseline rather than estimating a first difference model in order to avoid restricting the coefficient on baseline P(65) to equal 1 since our results in Table 3 show the coefficient on baseline P(65) to be significantly less than 1. If we run the expectations analysis in first differences, the coefficient on child moving out becomes marginally insignificant, though very similar in magnitude.

[12] Two labor force status indicators differentiate workers who have part-time jobs or are unemployed, with the omitted category being a full-time worker. We include indicators for whether respondent has completed some college or has a college degree. Race is reflected via indicators for black, other race, and Hispanic.

[13] We include the self-reported expectation of living to age 75 reported at ages 58/59 in our control set throughout the analysis since past studies have found mortality expectations to affect actual retirement timing (Hurd, Smith and Zissimopoulos 2004). Our results are robust to excluding this control.

[14] Financial controls include respondent's annual earnings, total household's financial wealth (including net value of checking and savings accounts, stocks, bonds, and other saving tools) and non-financial wealth (including the value of primary residence, vehicles, and businesses).

[15] Our data do not allow us to distinguish child's layoff from voluntary job leave as the loss of employment is constructed from changes in the number of employed children between waves.

as move in or out of the parental home. These events are reported at ages 60/61 and reflect changes over the last two years, since ages 58/59. Controlling for baseline retirement expectations, a statistically significant coefficient on a child's event indicator would signify this event to be at least partially unanticipated by workers at ages 58/59. For instance, a significant negative coefficient on child's move out of a parental home indicator would show that this event decreases the self-reported probability of working full-time in the future, thus revealing the event not to have been fully incorporated into workers' retirement expectations in the previous period. It's important to note, however, that a statistically significant coefficient on any of the $\boldsymbol{ChildenEvents_{i,60/61}}$ does not necessarily mean that the event was completely unexpected. As noted by Benitez-Silva and Dwyer (2005), a significant coefficient could also indicate that the respondent knew the probabilities of the events prior to their occurrence, but did not know future realizations. In addition, the respondent could have anticipated the occurrence of events but not fully considered the amount of financial transfers to children that would be given as a result of these events.

The vector $\boldsymbol{HealthChanges_{i,60/61}}$ includes indicators for improvement or deterioration in respondent and spouse's health occurring over the same period as the children's events.[16] A significant coefficient on these indicators would capture positive or negative health shocks and enable us to measure the impact of children's events against a well-studied retirement determinant.[17]

[16] Since parental health shocks themselves might affect certain children's events, particularly moving in and out of the parental home, and thus be considered endogenous, we repeat our analysis without these measures. All of our specifications are robust to excluding the vector of health changes.

[17] McGarry (2004) uses HRS data to show that self-reported health changes have large effects on retirement expectations, even relative to changes in financial variables.

In the second step of the analysis, we determine whether the events that affect retirement expectations also impact retirement realizations by estimating the following probit model:

$$[2] \quad FT(65)_{i} = \beta_0 + \beta_1 P(65)_{i,58/59} + \beta_2 P(62)_{i,58/59} + \boldsymbol{\mathit{ChildrenEvents}_{i,60/61}\theta} + \\ + \boldsymbol{\mathit{HealthChanges}_{i,60/61}\Omega} + \mathbf{X^{c}_{i,58/59}\,\delta} + \mathbf{X^{p}_{i,58/59}\,\Gamma} + \boldsymbol{\lambda_t} + \varepsilon_{it}$$

where $FT(65)_i$ is an indicator for working full-time in any wave past age 65. We include both expectations of working full-time past ages 62 and 65 as together they can convey a fuller picture of respondent's retirement expectations.[18] $\boldsymbol{\mathit{ChildrenEvents}_{i,60/61}}$ in this specification include the events shown to be unanticipated in the previous step, although we also test for any impact of the events that do not shift retirement expectations.[19]

V. Results

A. Descriptive Statistics

Table 1 presents summary statistics for our sample of male workers approaching retirement. All workers' characteristics are measured at ages 58/59. As can be seen from Panel A, the vast majority of workers have full-time employment, with only 4% working part-time and less than 1% reporting unemployment (Note that our sample is limited to individuals who are in the labor force at ages 58/59, defined as working full-time, part-time, or being classified as unemployed). About a quarter of the workers have college degrees or higher and report earning an average of $58,000 per year. Mean household financial wealth, which includes the net value of checking and savings accounts, stocks, bonds and

[18] The results are robust to excluding $P(62)_{i,58/59}$.

[19] We find that events that do not shift retirement expectations also do not affect the probability of working full-time past age 65.

Table 1. Summary statistics, main sample

Panel A: Respondent's characteristics at 58/59	
Work full-time at 58/59	95.3%
Work part-time at 58/59	4.1%
Unemployed at 58/59	0.6%
Some college	4.6%
College degree	27.7%
Black	9.3%
Other race	2.1%
Hispanic	6.9%
Respondent's annual earnings	$58,154
Respondent's total financial wealth	$126,462
Respondent's total wealth	$344,254
Respondent's health is excellent/very good	58.4%
Respondent's health is good	30.5%
Respondent's health is poor	11.1%
Respondent's self-reported probability of living to age 75 at 58/59	66.2%
Panel B: Characteristics of respondents' children at 58/59	
No. of children	3.4
Age of youngest child	25.5
Age of oldest child	33.3
No. of children working full-time	2.3
No. of children working part-time	0.3
No. of married children	1.8
No. of resident children	0.6
No. of grandchildren	4.5
Percent of respondents with co-resident child	38.3%
Panel C: Retirement Expectations and Realizations	
Average P(62) reported at 58/59	59.0%
Average P(62) reported at 60/61	58.3%
Average P(65) reported at 58/59	32.6%
Average P(65) reported at 60/61	31.0%
Actually work full-time past age 65	37.4%
Age retired (either partial or full retirement)	64.4
No. of observations	974

Notes: Age retired is based on comprehensive data from multiple questions in the HRS survey and represents the most accurate retirement status that can be inferred. Sample includes all men from 1932-1941 birth cohorts who are observed at ages 58/59 and 60/61, in the labor force at age 58/59 and have not been previously retired, as well as married with at least one child. All financial amounts are expressed in 2010 dollars.

other saving tools, is approximately $126,000, while non-financial wealth, including the value of primary residence, vehicles, and businesses, is about $344,000. The majority of the older workers report being in excellent or very good health, with only 11% describing their health as poor.

Panel B illustrates characteristics of respondents' children. On average, workers in our sample have 3 children between the ages of 25.5 and 33.3. Two thirds are working full-time, and a small fraction hold part-time jobs. Slightly over half of the children are married. Across all children, there is a total of 4.5 own children. About 38% of fathers in our sample have at least one co-resident child.

Workers' average retirement expectations and realizations are shown in Panel C. At ages 58/59, the average self-reported probability of working full-time past age 62 is 59%, and it remains about the same at ages 60/61, with the average probability being 58.3%. Similarly, the probability of working full-time past age 65 changes only slightly from 32.6% to 31% over the two years. Looking at retirement realizations, 37% of respondents ultimately work full-time past age 65. Thus, on the first glance, it appears that workers tend to retire later than anticipated during the pre-retirement years.

Table 2 presents statistics on the prevalence of children's events and health changes in our sample. The most common event is the birth of grandchildren, experienced by over 30% of the respondents. Child's marriage is the second most widespread event, taking place for almost 20% of pre-retirement parents, while only 8% experience child's divorce or widowhood. Child's gain of employment occurs for 19% of the respondents, while child's loss of employment is experienced by 14%. When it comes to co-residing, 6% of parents report having a child move into their home during the pre-retirement years, while almost 16%

report having a previously co-resident child move out.[20] As a comparison, 25% of respondents experience own health deterioration, with most being only a one-point reduction on the 5-point scale. Thus, pivotal changes in children's circumstances are quite widespread for the pre-retirement age workers although somewhat less common than own or spousal health shocks. We omit child's divorce and a move into the parental home from the discussion as they are the least common events in our sample.[21]

Table 2. Summary statistics on children's events and health changes reported at 60/61 wave

	Percentage
Birth of a grandchild	30.50%
Child's marriage	19.90%
Child found job	18.90%
Child moved out of parental home	15.70%
Child lost job	13.6%
Child's divorce/widowhood	8.20%
Child moved in with parents	6.1%
Spouse's health worsened	27.50%
Respondent's health worsened	24.80%
Spouse's health worsened by 1 point	23.40%
Respondent's health worsened by 1 point [on 5-point scale]	19.50%
Respondent's health improved	19.40%
Spouse's health improved	18.70%
Respondent's health worsened by 2+ points	5.30%
Spouse's health worsened by 2+ points	4.10%
Observations	974

Notes: Sample includes all men from 1932-1941 birth cohorts who are observed at ages 58/59 and 60/61, in the labor force at age 58/59 and have not been previously retired, as well as married with at least one child.

[20] Among the older workers with co-resident children at baseline, 41% have a child who moved out during the pre-retirement years.

[21] All children's events including divorce and moving into the parental home are included in the regressions unless stated otherwise. The coefficients on these two events are typically small in magnitude and not statistically significant.

B. Retirement Expectations

Table 3 shows the baseline specification from Equation [1]. Columns 1-5 include one child's event at a time, while Column 6 presents the results with all children's events together. The findings indicate that having a child move out of a parental home during the pre-retirement years decreases older workers' expectations of working full-time past age 65 by 5 percentage points, significant at the 10% level. The remaining events in children's lives appear to be either anticipated (for instance, children's marriage and birth of grandchildren are likely to be well thought-out by older workers), mitigated by changes in parental consumption rather than in timing of labor force exit, or simply not presenting a substantial wealth shock for the parents.

As noted in prior literature, retirement expectations at 58/59 do not capture all information available to workers (Bernheim 1989; Benitez-Silva and Dwyer 2005). Column 6 in Table 3 demonstrates that individuals with college degrees systematically increase retirement expectations in the next period. Moreover, individuals with poor health at the baseline decrease retirement expectations in the next period even if they do not experience any interim changes in self-reported health. When older workers indeed face a negative health shock during the pre-retirement years, their retirement expectations decrease by 7 percentage points, significant at the 1% level.

Table 3. Baseline specification: Self-reported probability of working full-time past age 65

Dependent variable is P(65) reported at ages 60/61	(1)	(2)	(3)	(4)	(5)	(6)
P(65) reported at 58/59	0.57***	0.57***	0.56***	0.56***	0.56***	0.56***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
P(62) reported at 58/59	0.10***	0.10***	0.10***	0.10***	0.10***	0.10***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Child's marriage, 60/61	-1.25					-0.03
	(2.36)					(2.39)
Birth of grandchild, 60/61		-3.26				-3.46
		(2.12)				(2.15)
Child found job, 60/61			-4.15			-3.44
			(2.65)			(2.72)
Child lost/left job, 60/61				3.32		2.73
				(2.78)		(2.86)
Child moved out, 60/61					-5.70*	-5.39*
					(3.04)	(3.07)
Respondent's health improved, 60/61	3.10	3.12	3.08	3.21	3.06	3.11
	(2.59)	(2.59)	(2.59)	(2.60)	(2.58)	(2.61)
Respondent's health worsened, 60/61	-7.08***	-7.07***	-7.05***	-7.07***	-6.93***	-6.94***
	(2.20)	(2.19)	(2.19)	(2.19)	(2.19)	(2.19)
Spouse's health worsened, 60/61	-4.94**	-5.01**	-4.99**	-4.96**	-4.91**	-5.09**
	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(1.99)
Spouse's health improved, 60/61	-2.20	-2.17	-1.98	-2.27	-2.30	-2.27
	(2.46)	(2.46)	(2.47)	(2.45)	(2.46)	(2.47)
No. of resident children, 58/59	0.71	0.64	0.93	0.81	2.18	2.04
	(1.50)	(1.49)	(1.49)	(1.49)	(1.70)	(1.71)
No. of grandchildren, 58/59	-0.14	-0.18	-0.14	-0.16	-0.13	-0.19
	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)
No. of living children, 58/59	-1.14	-1.05	-0.58	-1.16	-1.20	-0.38
	(1.18)	(1.17)	(1.22)	(1.16)	(1.15)	(1.24)
College degree	5.12**	5.13**	5.18**	5.14**	5.16**	5.25**
	(2.29)	(2.29)	(2.29)	(2.30)	(2.29)	(2.30)
Health is good, 58/59	-6.12***	-6.08***	-5.83**	-6.18***	-6.12***	-5.97***
	(2.28)	(2.28)	(2.29)	(2.28)	(2.28)	(2.28)
Health is poor, 58/59	-10.48***	-10.46***	-10.10***	-10.35***	-10.52***	-10.08***
	(3.16)	(3.16)	(3.13)	(3.14)	(3.15)	(3.14)
Constant	10.78	10.51	10.72	10.48	10.80	10.92
	(8.02)	(8.00)	(8.01)	(8.01)	(7.97)	(7.86)
Observations	974	974	974	974	974	974
R-squared	0.44	0.45	0.45	0.44	0.45	0.45
Respondent's demographic; labor force; and financial controls; ages of youngest and oldest child at 58/59	X	X	X	X	X	X
Year FE	X	X	X	X	X	X

Notes: Dependent variable P(65) is the self-reported probability of working full-time past age 65, as measured at ages 60/61. Sample includes all men from 1932-1941 birth cohorts who are observed at ages 58/59 and 60/61, in the labor force at age 58/59 and have not been previously retired, as well as married with at least one child. Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<

C. Retirement Realizations

Table 4 highlights our main findings on retirement realizations. Column 1 includes only the children's events reported at 60/61 and controls for children's characteristics and retirement expectations at ages 58/59. Column 2 adds the vector of health changes, full set of respondents' controls and year fixed effects reproducing specification from Equation [2], while Column 3 provides an additional robustness check by including restricted cubic splines for retirement expectations.

The results show that children's events that do not shift retirement expectations also do not affect the realized rates of full-time work after the age 65. The only event that significantly impacts the actual rates of full-time work past 65 is the child's move out of the parental home. Specifically, having a child move out during the pre-retirement years reduces the likelihood of working full-time past age 65 by 10 percentage points, significant at 5% level. As a comparison, a negative health shock in the pre-retirement years reduces the probability of full-time work by only 8 percentage points.

Appendix Tables A1 and A2 present the parallel analysis on the self-reported probabilities and realizations of full-time work past age 62. Children's events do not systematically affect either the expectations nor realizations of full-time work right after the EEA. These findings are consistent with interpretation that children's events have gradual, rather than immediate, effects on parental retirement decisions as the events occur during ages 58-61, right before age 62.

A potential concern with our interpretation of children's events as exogenous shocks which lead to changes in parental retirement timing is the possibility of reverse causality. However, because the analysis on expectations shows that the child's move significantly shifts retirement expectations, this event is revealed to be unexpected, and thus exogenous, from the parents' perspective at age 58/59. The remaining question is whether the child or the parent initiated the sudden end in co-residence during pre-retirement years, and, with this respect, the timing of events and the children's characteristics described in Section V.E. suggest that it is more likely for the child to initiate the move. For the opposite to hold, parents would need to abruptly change their expectations of working full-time after age 65 when they are themselves 58-61 years old, force their children to move out right away (by age 61), but do not change their labor force choices until closer to age 65.

D. Effects of Children's Events on Subsequent Financial Transfers

Considering that our hypothesized channel for the effect of children's events on retirement timing is via changes in financial support, we directly test for whether events affect the amounts of assistance given to children between the ages of 60/61 and 64/65. To this end, we aggregate the total amounts of financial transfers reported at ages 62/63 and 64/65.

Table 5 presents the results where Column 1 includes the full set of children's events and controls described in Equation [1], and Column 2 includes additional controls for prior financial transfers as well as self-reported expectation of living to age 75, reported at 58/59. [22] The striking finding is that a child's move out reduces subsequent transfers by about $1,800 annually over a four-year period, while none of the other events significantly impact future transfers. Thus, it appears that a child's move is indicative of an unanticipated reduction in financial need which ultimately enables older workers to retire earlier than expected.

[22] A subset of children's events is shown in Table 5 for brevity. None of the omitted coefficients on children's events are statistically significant.

Table 4. Retirement realizations: Working full-time past age 65

Dependent variable is an indicator for working full-time at any wave past turning 65	(1)	(2)	(3)
P(65)/100 reported at 58/59	0.401***	0.395***	
	(0.045)	(0.045)	
P(62)/100 reported at 58/59	0.163***	0.146***	
	(0.047)	(0.046)	
Child's marriage, 60/61	-0.012	0.002	0.007
	(0.038)	(0.038)	(0.038)
Birth of grandchild, 60/61	-0.009	-0.038	-0.035
	(0.031)	(0.033)	(0.033)
Child found job, 60/61	0.023	0.038	0.045
	(0.040)	(0.042)	(0.042)
Child lost/left job, 60/61	0.028	0.006	0.005
	(0.043)	(0.042)	(0.042)
Child moved out, 60/61	-0.097**	-0.100**	-0.104**
	(0.048)	(0.048)	(0.047)
Respondent's health improved, 60/61		-0.000	0.002
		(0.038)	(0.038)
Respondent's health worsened, 60/61		-0.077**	-0.081**
		(0.034)	(0.034)
Spouse's health worsened, 60/61		-0.060*	-0.061*
		(0.033)	(0.033)
Spouse's health improved, 60/61		0.028	0.029
		(0.036)	(0.036)
No. of grandchildren, 58/59		0.007**	0.007**
		(0.003)	(0.003)
Expectation of living to age 75, 58/59		0.000	0.011
		(0.056)	(0.055)
College degree		0.023	0.017
		(0.034)	(0.034)
Hispanic		0.046	0.043
		(0.055)	(0.055)
Health is good, 58/59		-0.025	-0.021
		(0.033)	(0.033)
Health is poor, 58/59		-0.098*	-0.090*
		(0.055)	(0.054)
Observations	974	974	974
Children's characteristics 58/59	X	X	X
Respondent's demographic and labor force controls 58/59	--	X	X
Respondent's financial controls	--	X	X
Year FE	--	X	X
Restricted cubic spline for P65 and P62	--	--	X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

E. Closer Look at the Children who are Moving Out

What distinguishes households with children moving out during the pre-retirement years from those with continuously co-residing children? Table 6 shows that among respondents with co-resident children at baseline, respondents who experience a child's move and those who do not are very similar on demographic, health, and financial measures (Similar pattern holds when we compare all respondents on the basis of having a child move out). The main distinction appears to be that respondents with children who are moving out tend to have more children and more resident children at the baseline. Furthermore, more children in such households have full-time jobs and are married.

In order to better understand the characteristics of adult children who are moving out and explore possible reasons for the move, we bring in additional data from RAND version of HRS Respondent-Kid File for the years 1992-2010.[23] This dataset contains supplementary family information on the exact same individuals that are in our main sample. We utilize Respondent-Kid File to obtain detailed panel data on each of the respondents' children, including each child's age, household income, and co-residency status throughout the length of the survey period.[24]

[23] RAND prepares two longitudinal versions of HRS Family data: one with respondent-kid observations and one containing summary measures on all of the respondent's children. The respondents in the two versions of the datasets are the exact same individuals. For our main analysis, we utilize the summary data on all of the respondent's children; however, the summary measures alone do not allow us to identify characteristics of the children who moved out of the parental home.

[24] The main limitation of using Respondent-Kid File in the analysis is the pervasiveness of missing records for many of the children's characteristics. For instance, data on children's income range is missing for over half of the children who moved out of parental home in our sample.

Table 5. Relationship between children's events and subsequent financial transfers from parents

Dependent variable is annual financial transfers given to children between years of 60/61 and 64/65	(1)	(2)
Financial transfers to children reported at 58/59		0.08**
		(0.04)
Expectation of living to age 75, 58/59		-9.87*
		(5.22)
P(65) reported at 58/59	8.71	7.79
	(7.21)	(6.95)
P(62) reported at 58/59	-12.93*	-12.15*
	(6.67)	(6.55)
Birth of grandchild, 60/61	-562.37	-618.17
	(416.43)	(417.93)
Child found job, 60/61	134.49	54.63
	(656.09)	(661.74)
Child lost/left job, 60/61	-545.57	-439.59
	(421.39)	(407.90)
Child moved out, 60/61	-1,504.70*	-1,774.34**
	(855.26)	(888.25)
Respondent's health improved, 60/61	-90.65	-221.55
	(402.49)	(411.70)
Respondent's health worsened, 60/61	491.92	479.97
	(534.58)	(525.30)
Spouse's health worsened, 60/61	904.36	791.28
	(584.36)	(552.41)
Spouse's health improved, 60/61	536.60	353.49
	(445.82)	(442.69)
No. of resident children, 58/59	899.52*	842.54*
	(479.45)	(454.34)
College degree	1,732.27***	1,495.91***
	(579.37)	(521.00)
Health is poor, 58/59	-588.77	-480.99
	(503.07)	(490.68)
Age of youngest child	-48.01	-40.49
	(43.12)	(43.08)
Respondent’s annual earnings (in $100k), 58/59	-701.73	-713.94
	(458.66)	(443.57)
Respondent’s non-financial wealth (in $100k), 58/59	19.37	12.57
	(14.21)	(12.76)
Respondent’s financial wealth (in $100k), 58/59	899.46***	849.96***
	(174.93)	(183.32)
Constant	6,930.30***	5,689.19***
	(2,153.81)	(2,014.28)
Observations	692	692
R-squared	0.43	0.44
Children's characteristics 5859	X	X
Respondent's demographic labor force and financial characteristics	X	X
Year FE	X	X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table 6. Characteristics of respondents with and without children moving out during pre-retirement years among households with resident children at baseline

	No child moving out at 60/61	**Child moving out at 60/61**	**Difference (Child move out- No child move out)**
Children's characteristics at 58/59:			
No. of resident children	1.37	1.62	0.253***
No. of children	3.40	4.06	0.670***
Age of youngest child	21.43	21.37	-0.061
Age of oldest child	30.8	31.3	0.507
No. of children working full-time	1.96	2.28	0.524***
No. of children working part-time	0.50	0.45	-0.044
No. of married children	1.23	1.58	0.343**
No. of grandchildren	3.70	4.65	0.959*
Respondent's characteristics at 58/59:			
Some college	0.03	0.06	0.032
College degree	0.27	0.24	-0.026
Black	0.15	0.14	-0.017
Other race	0.04	0.03	-0.015
Hispanic	0.14	0.09	-0.045
Respondent's annual earnings	$59,260	$53,863	-5,397
Respondent's total financial wealth	$115,439	$77,395	-38,044
Respondent's total wealth	$279,201	$341,077	61,876
Respondent's health is good	0.34	0.32	-0.016
Respondent's health is poor	0.14	0.15	0.801

Notes: Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1. All financial amounts are expressed in 2010 dollars.

Table 7 presents characteristics of children who were residing with their parents at baseline and either moved out (Panel A) or continued co-residing (Panel B) at the 60/61 wave. Panel A shows that the children who moved out were between ages of 23 and 25 on average. Figure 1 further highlights the substantial spread in the distribution of ages at the time of the move, with peaks at ages 23, 24, 25, 27 and 31.

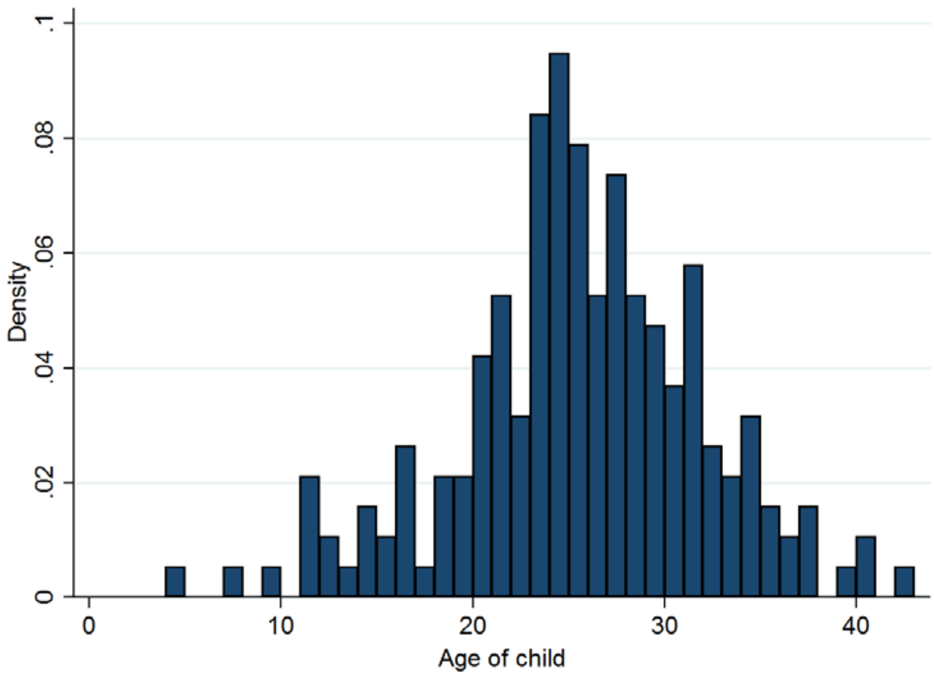
Table 7. Characteristics of resident children, by move-out status and waves

	At 58/59	At 60/61
Panel A. Children who moved out		
Age	23.1	25.1
	(6.5)	(6.5)
Male	54%	54%
Years of Education	13.6	13.8
	(2.1)	(2.1)
% of children who report being in school	25%	13%
% of children who completed 16 years of schooling or more in each wave	2.1%	5%
Children's median income	$14,429	$25,302
	(12,589)	(17,640)
% of children who are homeowners	0.5%	18%
% of children who gained employment between waves		14%
% of children employed part-time	17%	7%
% of children employed full-time	48%	68%
Panel B. Children who did not move		
Age	22.1	24.2
	(6.6)	(6.7)
Male	55%	55%
Years of Education	13.3	13.5
	(1.9)	(2.0)
% of children who report being in school	23.4%	22.3%
% of children who completed 16 years of schooling or more in each wave	0.8%	3.4%
Children's median income	$17,353	$17,294
	(14,920)	(14,728)
% of children who are homeowners	0.8%	0%
% of children who gained employment between waves		9%
% of children employed part-time	23%	20%
% of children employed full-time	37%	48%
No. of resident children who moved out		191
No. of resident children who did not move		359

Notes: Data comes from RAND version of HRS Respondent-Kid File for years 1992-2010. Standard deviations are shown in parenthesis. Data on children's education and schooling is missing for 43% of children at the baseline wave, and 33% of children at 60/61 wave. Data on children's income is missing for 44% of children at baseline wave and 55% of children at 60/61 wave. Data on children's homeownership status at 60/61 wave is missing for 11% of children.

At baseline, no difference in children's characteristics among those who ultimately moved out and those who did not are statistically significant, with the exception of children working full-time: children who moved out were 10 percentage points more likely to be working full-time at baseline, significant at 5% level.

Figure 1. Age of children who move out of parental home during pre-retirement years



Notes: Age of children is measured at 60/61 wave. Sample consists of all children who moved out of the parental home during their fathers' pre-retirement years.

At the baseline, children who subsequently moved out had about 13.6 years of completed education with about a quarter of them still being in school. Almost half of the children were working full-time and roughly another fifth were employed part-time, with the median income of $14,429. Looking at Panel B, we can see that co-residing children who did not move out had very similar characteristics at baseline, with no statistically significant differences in age, education, or income.

Upon moving out of the parental home, we find substantial improvements in children's incomes together with higher frequencies of full-time work and entry into homeownership. In particular, we find that median incomes grow by over $10,000, a statistically significant increase at 1% level. This increase is consistent with a corresponding 20 percentage point rise in the frequency of full-time work and 12 percentage point reduction in school enrollment, both statistically significant at 1%. Furthermore, we find that almost a fifth of the children become homeowners upon moving out, highlighting their improved financial standing.

Although the reduction in school enrollment might initially suggest that college graduation could be one of the reasons for the move, looking at the completed education data we do not find any significant differences by the move-out status. Children who moved out have only 13.8 years of completed education, while children who continue co-residing have 13.5 years of schooling. Furthermore, only 5% of children who moved out have graduated from college between 58/59 and 60/61 waves, which is not statistically different from 3.3% of continuously co-residing children graduating during the same time. These findings together with the wide distribution of ages at the time of the move suggest that moving out is not predominantly a consequence of college graduation.

Looking at the persistency of the child's moving, we find that only 23% of children who moved out during pre-retirement years returned to co-reside with the parent at any point after the 60/61 wave. Thus, the descriptive statistics appear to imply that children who moved out during the pre-retirement years are on stable financial footing, which is consistent with our finding of parents providing lower financial support to such children.

We further test for whether a child's move out of the parental home is indeed unanticipated by older workers by regressing an indicator for this event on the full set of baseline controls available at ages 58/59. Results in Table 8 show that the two retirement expectations at 58/59 do not have any predictive power for the

Table 8. Predictability of child moving out at 60/61

Dependent variable is an indicator for child moving out at 60/61	(1)	(2)	(3)	(4)
Financial transfers to children reported at 58/59 (in 10,000)		0.023***		0.047***
		(0.007)		(0.018)
P(65)/100 reported at 58/59	0.001	-0.008	-0.030	-0.054
	(0.037)	(0.038)	(0.101)	(0.101)
P(62)/100 reported at 58/59	-0.048	-0.045	-0.116	-0.109
	(0.033)	(0.033)	(0.096)	(0.095)
No. of children working full-time, 58/59	0.013	0.013	-0.028	-0.024
	(0.013)	(0.013)	(0.035)	(0.035)
No. of children working part-time, 58/59	0.011	0.012	-0.028	-0.024
	(0.019)	(0.019)	(0.047)	(0.046)
No. of married children, 58/59	0.003	0.004	0.033	0.033
	(0.012)	(0.012)	(0.034)	(0.034)
No. of resident children, 58/59	0.163***	0.157***	0.108**	0.105**
	(0.017)	(0.017)	(0.051)	(0.051)
No. of grandchildren, 58/59	0.001	0.001	-0.004	-0.004
	(0.003)	(0.003)	(0.008)	(0.008)
Expectation of living to age 75, 58/59	0.000	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.001)	(0.001)
Some college	0.053	0.055	0.158	0.167
	(0.044)	(0.043)	(0.135)	(0.138)
College degree	0.018	0.010	0.070	0.055
	(0.026)	(0.026)	(0.071)	(0.071)
Health is good, 58/59	-0.010	-0.009	-0.036	-0.033
	(0.023)	(0.023)	(0.064)	(0.064)
Health is poor, 58/59	-0.016	-0.015	0.002	0.003
	(0.035)	(0.034)	(0.095)	(0.094)
Age of youngest child	0.003	0.003	0.016***	0.015***
	(0.003)	(0.002)	(0.006)	(0.006)
Age of oldest child	-0.002	-0.002	-0.009	-0.009
	(0.003)	(0.003)	(0.006)	(0.006)
Respondent's annual earnings, in $100,000	-0.004	-0.015	-0.027	-0.061
	(0.020)	(0.022)	(0.062)	(0.061)
Respondent's total wealth, in $100,000	0.001	0.001	0.005*	0.005
	(0.001)	(0.001)	(0.003)	(0.003)
Respondent's total financial wealth, in $100,000	-0.007	-0.011*	-0.022	-0.030*
	(0.005)	(0.006)	(0.016)	(0.016)
Observations	807	807	300	300
Children's characteristics 5859	X	X	X	X
Respondent's demographic labor force and financial characteristics	X	X	X	X
Year FE	X	X	X	X
Chi-sq statistic for joint significance of P(65) and P(62)	3.525	3.849	3.260	3.872
Chi-sq p-value	0.172	0.146	0.196	0.144

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

child moving out within the next two years either individually or jointly. In the full sample of workers, having more co-resident children at baseline mechanically predicts the subsequent move. Focusing on the sub-sample of the respondents with co-resident children, only several factors appear to predict the move. Specifically, having older children, providing more financial support at the baseline, and having lower total financial wealth all positively predict the child moving out of the parental home. Thus, it appears that the child's move during the pre-retirement years is not fully anticipated by the parents.

F. Robustness Tests

Table 9 presents a set of robustness checks for our expectations regressions. Column 1 reproduces our baseline estimation from Table 3, Column 6. Column 2 includes controls for labor force and marital status at age 60/61. Column 3 and 4 demonstrate the sensitivity of our baseline results to reducing the set of controls. Column 5 introduces a more detailed measure of changes in self-reported health status by distinguishing a 1-point deterioration in health (on a 5-point scale) from a deterioration of 2+ points. Column 6 adds interactions of $P(65)_{58/59}$ with respondents' and children's controls measured at ages 58/59, while Column 7 employs restricted cubic splines for $P(62)_{58/59}$ and $P(65)_{58/59}$. The coefficient on child's move remains the same in magnitude across all specifications and similar in significance.

One important concern for our analysis is any selective attrition that occurs as a result of children's events. Tables A3 and A4 in the Appendix test whether children's events systematically predict having missing expectations data at ages 60/61. The results suggest that child's loss of employment does decrease the likelihood that we observe age 60/61 expectations data for the respondent, conditional on that respondent reporting children's events at 60/61. However, the

Table 9. Robustness checks

Dependent variable is P(65) reported at ages 60/61	(1)	(2)	(3)	(4)	(5)	(6)	(7)
P(65) reported at 58/59	0.56***	0.56***	0.64***	0.57***	0.56***	0.55***	
	(0.04)	(0.04)	(0.03)	(0.04)	(0.04)	(0.20)	
P(62) reported at 58/59	0.10***	0.08***		0.10***	0.10***	0.11***	
	(0.03)	(0.03)		(0.03)	(0.03)	(0.03)	
Child's marriage, 60/61	-0.03	0.38	0.26	0.00	0.19	0.04	-0.08
	(2.39)	(2.33)	(2.32)	(2.39)	(2.39)	(2.42)	(2.41)
Birth of grandchild, 60/61	-3.46	-3.03	-2.45	-3.12	-3.35	-4.65**	-3.54
	(2.15)	(2.15)	(2.00)	(2.13)	(2.15)	(2.13)	(2.16)
Child found job, 60/61	-3.44	-3.67	-3.49	-3.93	-3.22	-3.01	-3.32
	(2.72)	(2.74)	(2.50)	(2.71)	(2.71)	(2.70)	(2.74)
Child lost/left job, 60/61	2.73	3.10	2.26	2.64	2.75	3.01	2.70
	(2.86)	(2.87)	(2.83)	(2.86)	(2.86)	(2.91)	(2.89)
Child moved out, 60/61	-5.39*	-5.65*	-6.24**	-5.00	-5.17*	-5.22*	-5.35*
	(3.07)	(3.07)	(3.12)	(3.08)	(3.06)	(3.04)	(3.08)
Respondent's health improved, 60/61	3.11	2.64		2.75	3.34	3.42	3.07
	(2.61)	(2.64)		(2.60)	(2.61)	(2.63)	(2.61)
Respondent's health worsened by 1pt, 60/61					-5.00**		
					(2.34)		
Respondent's health worsened by 2+pts, 60/61					-14.58***		
					(4.11)		
Spouse's health worsened by 1pt, 60/61					-5.58***		
					(2.02)		
Spouse's health worsened by 2+pts, 60/61					-0.65		
					(4.97)		
Health is good, 58/59	-5.97***	-5.51**		-5.71**	-6.48***	-3.65	-6.00***
	(2.28)	(2.29)		(2.28)	(2.29)	(2.68)	(2.31)
Health is poor, 58/59	-10.08***	-8.94***		-9.67***	-10.56***	-8.68**	-10.21***
	(3.14)	(3.18)		(3.12)	(3.15)	(3.70)	(3.15)
Respondent's health worsened, 60/61	-6.94***	-6.52***		-6.98***		-6.36***	-6.96***
	(2.19)	(2.18)		(2.20)		(2.18)	(2.19)
Spouse's health worsened, 60/61	-5.09**	-4.25**		-5.10**		-4.82**	-5.10**
	(1.99)	(2.02)		(1.99)		(2.03)	(2.00)
Constant	10.92	11.42	12.40***	10.56	10.82	9.54	11.25
	(7.86)	(7.95)	(2.16)	(7.74)	(7.82)	(9.33)	(8.01)
Observations	974	974	974	974	974	974	974
R-squared	0.45	0.46	0.41	0.45	0.45	0.47	0.45
Respondent's demographic and financial characteristics at 58/59	X	X					
Children's characteristics at 58/59	X	X	X	X	X	X	X
Year FE	X	X	--	X	X	X	X
Controls for LF and marital status at 60/61		X					
Respondent's demographic characteristics at 58/59			--	X	X	X	X
Respondent's financial characteristics at 58/59			--	--	X	X	X
Interactions of P65 with respondent's and children's controls						X	
Restricted cubic spline P62 and P65							X

Notes: Dependent variable P(65) is the self-reported probability of working full-time past age 65, as measured at ages 60/61. Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

child’s move out of a parental home does not appear to affect the likelihood of observing expectations data.

We further test whether children’s events in the pre-retirement years affect whether or not we observe parental retirement realizations. Reassuringly, Table A5 demonstrates that none of the children’s events appears to relate to whether or not we observe the respondents long enough to record their retirement timing. Table A6 examines whether the children’s events appear to relate to parental labor force exit by age 60/61 and does not find any relationship. Table A7 looks at whether the children’s events affect a change in parental marital status by age 60/61 and similarly does not find such a relationship.

VI. Conclusion

Amidst the growing debates over financial preparedness of older workers for retirement, it is important to understand whether unexpected family circumstances systematically impact retirement timing. In this paper, we show that many of the events in the lives of adult children, including marriage and job loss, do not significantly alter older workers’ retirement expectations and realizations. Our findings indicate that the vast majority of studied events do not systematically affect subsequent financial support given to children and thus do not influence parental retirement via the financial mechanism.

Only the child’s move out of the parental home significantly affects both the expectations and realizations of retirement. We show that a child’s move out of the parental home significantly lowers expectations of late retirement, decreases the subsequent amount of financial support given to children and ultimately reduces the likelihood of full-time work past age 65 by 10 percentage points. The magnitude of this effect is equivalent to the effect of own health shock experienced during the pre-retirement years, highlighting the importance of this family event on the parental retirement timing.

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Appendix Tables

Table A1. Baseline specification: Self-reported probability of full-time work past age 62

Dependent variable is P(62) reported at ages 60/61	(1)	(2)	(3)	(4)	(5)	(6)
P(65) reported at 58/59	0.23***	0.24***	0.23***	0.23***	0.23***	0.23***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
P(62) reported at 58/59	0.47***	0.47***	0.47***	0.47***	0.46***	0.47***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Child's marriage, 60/61	1.73					2.71
	(2.97)					(3.02)
Birth of grandchild, 60/61		-1.92				-2.02
		(2.63)				(2.65)
Child found job, 60/61			-5.38*			-4.71
			(3.00)			(3.11)
Child lost/left job, 60/61				2.92		2.51
				(3.09)		(3.16)
Child moved out, 60/61					-3.86	-4.41
					(3.56)	(3.61)
Respondent's health improved, 60/61	3.56	3.55	3.50	3.63	3.52	3.65
	(3.09)	(3.10)	(3.09)	(3.10)	(3.09)	(3.09)
Respondent's health worsened, 60/61	-5.21*	-5.25*	-5.23*	-5.25*	-5.16*	-4.94*
	(2.71)	(2.70)	(2.71)	(2.70)	(2.70)	(2.71)
Spouse's health worsened, 60/61	-3.92	-3.99	-4.02	-3.97	-3.93	-4.06*
	(2.47)	(2.46)	(2.47)	(2.47)	(2.47)	(2.46)
Spouse's health improved, 60/61	-2.24	-2.32	-2.09	-2.42	-2.41	-2.12
	(3.06)	(3.06)	(3.07)	(3.05)	(3.07)	(3.07)
No. of resident children, 58/59	0.97	0.76	1.03	0.86	1.79	1.95
	(1.71)	(1.69)	(1.70)	(1.70)	(1.92)	(1.94)
No. of grandchildren, 58/59	0.03	0.00	0.03	0.01	0.03	0.01
	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)
No. of living children, 58/59	-4.39***	-4.14***	-3.40**	-4.18***	-4.22***	-3.44**
	(1.41)	(1.38)	(1.43)	(1.37)	(1.37)	(1.42)
College degree	10.36***	10.38***	10.45***	10.39***	10.41***	10.43***
	(2.61)	(2.60)	(2.61)	(2.61)	(2.61)	(2.61)
Health is good, 58/59	-1.52	-1.56	-1.23	-1.65	-1.59	-1.14
	(2.58)	(2.57)	(2.58)	(2.58)	(2.57)	(2.60)
Health is poor, 58/59	-11.97***	-11.96***	-11.48***	-11.85***	-12.00***	-11.62***
	(4.07)	(4.07)	(4.08)	(4.07)	(4.08)	(4.10)
Constant	31.96***	32.27***	32.52***	32.23***	32.46***	33.30***
	(9.58)	(9.56)	(9.49)	(9.54)	(9.52)	(9.54)
Observations	974	974	974	974	974	974
R-squared	0.39	0.39	0.39	0.39	0.39	0.40
Respondent's demographic; labor force; and financial controls; ages of youngest and oldest child at 58/59	X	X	X	X	X	X
Year FE	X	X	X	X	X	X

Notes: Dependent variable P(62) is the self-reported probability of working full-time past age 62, as measured at ages 60/61. Sample includes all men from 1932-1941 birth cohorts who are observed at ages 58/59 and 60/61, in the labor force at age 58/59 and have not been previously retired, as well as married with at least one child. Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table A2. Retirement realizations: Working full-time past age 62

Dependent variable is an indicator for working full-time at any wave past turning 62.	(1)	(2)	(3)
P(65)/100 reported at 58/59	0.26***	0.27***	
	(0.05)	(0.05)	
P(62)/100 reported at 58/59	0.32***	0.30***	
	(0.04)	(0.04)	
Child's marriage, 60/61	0.01	0.03	0.03
	(0.04)	(0.04)	(0.04)
Birth of grandchild, 60/61	-0.03	-0.05	-0.05
	(0.03)	(0.03)	(0.03)
Child found job, 60/61	-0.02	0.00	0.01
	(0.04)	(0.04)	(0.04)
Child lost/left job, 60/61	0.07	0.05	0.06
	(0.04)	(0.04)	(0.04)
Child moved out, 60/61	0.01	0.01	0.02
	(0.05)	(0.05)	(0.05)
Respondent's health improved, 60/61		0.08**	0.08**
		(0.04)	(0.04)
Respondent's health worsened, 60/61		-0.05	-0.05
		(0.04)	(0.03)
Spouse's health worsened, 60/61		-0.06*	-0.06*
		(0.03)	(0.03)
Spouse's health improved, 60/61		-0.03	-0.04
		(0.04)	(0.04)
No. of grandchildren, 58/59		0.00	0.00
		(0.00)	(0.00)
Expectation of living to age 75, 58/59		-0.10*	-0.09*
		(0.05)	(0.05)
College degree		0.09***	0.07**
		(0.03)	(0.03)
Hispanic		0.01	0.01
		(0.06)	(0.06)
Health is good, 58/59		-0.01	-0.02
		(0.03)	(0.03)
Health is poor, 58/59		-0.13**	-0.12**
		(0.05)	(0.05)
Observations	974	974	974
Children's characteristics 58/59	X	X	X
Respondent's demographic and labor force controls 58/59	--	X	X
Respondent's financial controls	--	X	X
Year FE	--	X	X
Restricted cubic spline for P65 and P62	--	--	X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table A3. Testing for selection in missing P(65) expectations data at 60/61

Dependent variable is an indicator for whether individual has non-missing P(65) data reported at 60/61	(1)	(2)	(3)	(4)
P(65) reported at 58/59		0.00	0.00	-0.00
		(0.00)	(0.00)	(0.00)
P(62) reported at 58/59		0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)
Child's divorce/widowhood, 60/61	-0.00	0.00	-0.00	0.01
	(0.03)	(0.03)	(0.03)	(0.03)
Child's marriage, 60/61	-0.02	-0.00	-0.01	-0.00
	(0.02)	(0.02)	(0.02)	(0.02)
Birth of grandchild, 60/61	-0.03	-0.03	-0.03	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Child found job, 60/61	-0.02	-0.03	-0.03	-0.04
	(0.02)	(0.03)	(0.03)	(0.02)
Child lost/left job, 60/61	-0.07***	-0.07***	-0.07***	-0.05**
	(0.03)	(0.03)	(0.03)	(0.02)
Child moved in with parents, 60/61	0.07	0.07	0.08*	0.06
	(0.04)	(0.04)	(0.05)	(0.04)
Child moved out, 60/61	0.01	0.01	0.01	0.03
	(0.03)	(0.03)	(0.03)	(0.03)
Respondent's health improved, 60/61	-0.08***	-0.07***	-0.07***	-0.06***
	(0.02)	(0.02)	(0.02)	(0.02)
Respondent's health worsened, 60/61	-0.10***	-0.09***	-0.09***	-0.06***
	(0.02)	(0.02)	(0.02)	(0.02)
Spouse's health worsened, 60/61	-0.01	-0.00	-0.00	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Spouse's health improved, 60/61	-0.05**	-0.05**	-0.05**	-0.04**
	(0.02)	(0.02)	(0.02)	(0.02)
No. of children working full-time, 58/59		-0.00	-0.00	-0.01
		(0.01)	(0.01)	(0.01)
No. of children working part-time, 58/59		-0.01	-0.01	-0.01
		(0.02)	(0.02)	(0.02)
Observations	1,288	1,286	1,286	1,276
Respondent's demographic controls		X	X	X
Year FE		X	X	X
Respondent's financial controls			X	X
Age of youngest/oldest child			X	X
LF and marital status controls at 60/61				X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table A4. Testing for selection in missing P(62) expectations data at 60/61

Dependent variable is an indicator for whether individual has non-missing P(62) data reported at 60/61	(1)	(2)	(3)	(4)
P(65) reported at 58/59		0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)
P(62) reported at 58/59		0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)
Child's divorce/widowhood, 60/61	-0.01	-0.01	-0.01	0.00
	(0.03)	(0.03)	(0.03)	(0.03)
Child's marriage, 60/61	-0.02	-0.00	-0.00	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Birth of grandchild, 60/61	-0.03	-0.03	-0.03	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Child found job, 60/61	-0.04	-0.04	-0.04	-0.05**
	(0.02)	(0.03)	(0.03)	(0.02)
Child lost/left job, 60/61	-0.07***	-0.07***	-0.07***	-0.05*
	(0.03)	(0.03)	(0.03)	(0.02)
Child moved in with parents, 60/61	0.09*	0.09*	0.10**	0.07
	(0.05)	(0.05)	(0.05)	(0.04)
Child moved out, 60/61	0.02	0.02	0.02	0.03
	(0.03)	(0.03)	(0.03)	(0.03)
Respondent's health improved, 60/61	-0.07***	-0.06***	-0.07***	-0.05**
	(0.02)	(0.02)	(0.02)	(0.02)
Respondent's health worsened, 60/61	-0.10***	-0.09***	-0.09***	-0.06***
	(0.02)	(0.02)	(0.02)	(0.02)
Spouse's health worsened, 60/61	0.00	0.01	0.01	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Spouse's health improved, 60/61	-0.06**	-0.06**	-0.06**	-0.04**
	(0.02)	(0.02)	(0.02)	(0.02)
No. of children working full-time, 58/59		-0.01	-0.01	-0.01
		(0.01)	(0.01)	(0.01)
Observations	1,288	1,286	1,286	1,276
Respondent's demographic controls		X	X	X
Year FE		X	X	X
Respondent's financial controls			X	X
Age of youngest/oldest child			X	X
LF and marital status controls at 60/61				X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table A5. Testing for selection in observed retirement realizations

Dependent variable is an indicator for whether individual has non-missing retirement realization data	(1)	(2)	(3)	(4)
P(65) reported at 58/59		0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)
P(62) reported at 58/59		0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)
Child's divorce/widowhood, 60/61	-0.02	-0.01	-0.02	-0.02
	(0.03)	(0.03)	(0.03)	(0.03)
Child's marriage, 60/61	-0.01	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Birth of grandchild, 60/61	-0.01	0.01	0.01	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Child found job, 60/61	-0.03	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Child lost/left job, 60/61	0.00	-0.00	-0.00	0.01
	(0.02)	(0.02)	(0.02)	(0.03)
Child moved in with parents, 60/61	-0.02	-0.03	-0.02	-0.01
	(0.03)	(0.03)	(0.03)	(0.03)
Child moved out, 60/61	0.03	0.04	0.03	0.03
	(0.02)	(0.03)	(0.03)	(0.03)
Respondent's health improved, 60/61	-0.04*	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Respondent's health worsened, 60/61	-0.03	-0.05**	-0.05***	-0.05**
	(0.02)	(0.02)	(0.02)	(0.02)
Spouse's health worsened, 60/61	-0.01	-0.00	-0.01	-0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Observations	1,288	1,274	1,274	1,265
Respondent's demographic controls		X	X	X
Year FE		X	X	X
Respondent's financial controls			X	X
Age of youngest/oldest child			X	X
LF and marital status controls at 60/61				X

Notes: Robust standard errors in parentheses. Significance is indicated by *** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table A6. Testing for whether children's events predict labor force exit at 60/61

Dependent variable is an indicator equal to 1 if respondent is no longer in the labor force at 60/61	(1)
P(65)/100 reported at 58/59	-0.08**
	(0.04)
P(62)/100 reported at 58/59	-0.20***
	(0.03)
Child's divorce/widowhood, 60/61	0.03
	(0.03)
Child's marriage, 60/61	0.02
	(0.02)
Birth of grandchild, 60/61	0.02
	(0.02)
Child found job, 60/61	-0.02
	(0.03)
Child lost/left job, 60/61	-0.01
	(0.03)
Child moved in with parents, 60/61	-0.03
	(0.04)
Child moved out, 60/61	0.01
	(0.03)
Respondent's health improved, 60/61	-0.01
	(0.02)
Respondent's health worsened, 60/61	0.07***
	(0.02)
Spouse's health worsened, 60/61	0.03
	(0.02)
Spouse's health improved, 60/61	-0.00
	(0.02)
No. of children working full-time, 58/59	-0.00
	(0.01)
College degree	0.00
	(0.02)
Observations	1,286
Respondent's demographic controls	X
Respondent's financial controls	X
Age of youngest/oldest child	X
Year FE	X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1

Table A7. Testing for whether children's events predict not being married at 60/61

Dependent variable is an indicator equal to 1 if respondent is no longer married at age 60/61	(1)
P(65)/100, 58/59	0.02*
	(0.01)
P(62)/100, 58/59	-0.01
	(0.01)
Child's divorce/widowhood, 60/61	0.01
	(0.01)
Child's marriage, 60/61	0.00
	(0.01)
Birth of grandchild, 60/61	0.01
	(0.01)
Child found job, 60/61	-0.00
	(0.01)
Child lost/left job, 60/61	0.01
	(0.01)
Child moved in with parents, 60/61	0.03
	(0.03)
Child moved out, 60/61	0.01
	(0.02)
Respondent's health improved, 60/61	-0.00
	(0.01)
Respondent's health worsened, 60/61	0.01
	(0.01)
Spouse's health worsened, 60/61	-0.04***
	(0.01)
Spouse's health improved, 60/61	-0.03***
	(0.01)
No. of children working full-time, 58/59	-0.00
	(0.00)
No. of children working part-time, 58/59	-0.00
	(0.01)
Health is poor, 58/59	-0.02**
	(0.01)
Observations	1,286
R-squared	0.06
Respondent's demographic controls	X
Respondent's financial controls	X
Age of youngest/oldest child	X
Year FE	X

Notes: Robust standard errors in parentheses. Significance is indicated by *** p<0.01, ** p<0.05, * p<0.1