

Retirement timing of women and the role of care responsibilities for grandchildren ^[1]

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AVAILABILITY

Full report in PDF ^[2]

Abstract:

This paper considers the potential relationship between providing care for grandchildren and retirement, among women nearing retirement age. Using 47,400 person-wave observations from the Health and Retirement Study (HRS), we find the arrival of a new grandchild is associated with a more than eight percent increase in the retirement hazard despite little overall evidence of a care/retirement interaction. We document that while family characteristics seem to be the most important factors driving the care decision, they are also important determinants of retirement. In contrast, while financial incentives such as pensions and retiree health insurance have the largest influence on retirement, the opportunity cost associated with outside income seems to have little effect on whether or not a grandmother provides care. There is little evidence of substitution between caring for grandchildren versus providing care for elderly parents or engaging in volunteer activities; grandchild care is instead taken on as an additional responsibility. Our findings suggest that policies aimed at prolonging work life may need to consider grandchild care responsibilities as a countervailing factor while those policies focused on grandchild care may also affect elderly labor force composition.

Related link: How grandchildren botch the best-laid retirement plans ^[3]

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