

# How grandchildren botch the best-laid retirement plans<sup>[1]</sup>

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## AVAILABILITY

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## EXCERPTS

For people without enough money to retire, one solution seems obvious: keep working. But life often gets in the way. Health issues make it impossible to work, or they lose a job and can't find another.

Here's another factor that disrupts the best intentions: grandchildren. Women are more likely to retire when their children have babies, according to a new study from American University business professor Robin Lumsdaine and strategy consultant Stephanie Vermeer. If women age 58 to 61 are helping to care for their grandkids, they are 29 percent less likely to be working full-time compared to women who aren't grandmothers.

Given recent trends, that signals trouble. Over the last 30 years, grandparents have taken a more active role in child care - a trend that accelerated after the stock market crashed in 2008, precisely the time when many soon-to-be-retirees saw their savings take a hit. The number of children cared for by grandparents rose 5 percent in 2008 alone, according to the Pew Research Center.

Older women in the 58-to-61 age group are likeliest to stop working to care for a grandchild, Lumsdaine's study says, but younger grandparents also cut back. Grandparents ages 51 to 54 who help with child care tend to work 21 percent less than those without grandchildren.

A new baby - rather than, say, a layoff or preexisting retirement plans - is the catalyst pushing grandmothers to offer help with child care, the study suggests. Looking at data before the financial crisis, the study found that, whether they have a job or not, women were 70 percent more likely to be providing care after a grandchild is born. These women pitch in not just because they love their grandchildren and like spending time with them, but because their children need the help with parenting, Lumsdaine says.

The study, recently accepted for publication in the journal *Demography*, didn't look at the behavior of men. Women are still more likely to be the ones caring for grandchildren on a regular basis. Nonetheless, Lumsdaine says some grandfathers may also be influenced to retire by the arrival of grandchildren.

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