



## Parental Care at Midlife: Balancing Work and Family Responsibilities near Retirement

Richard W. Johnson and  
Anthony T. Lo Sasso

THE AGING OF SOCIETY HAS FOCUSED attention on the high cost of formal care received by the frail elderly from nursing homes and home health agencies. With the number of Americans age 85 and over expected to double over the next 30 years,<sup>1</sup> and with much of the costs of nursing home and home health care paid for with public funds, there is growing concern that these costs will strain federal and state government budgets in coming years. Nursing home care expenditures have already increased from \$17.4 billion in 1970 to \$84.7 billion in 1997 (expressed in constant 1997 dollars) and now account for about one-fourth of all Medicaid payments.<sup>2</sup> Medicare payments for home health care increased 21 percent per year in real terms from 1987 to 1997, as the proportion of Medicare beneficiaries receiving home health care more than doubled and the average real cost per user almost tripled.<sup>3</sup> Although they have received only limited attention, the financial costs of providing care informally at home to the frail elderly can also be substantial, especially if caregivers are forced to interrupt their careers or retire early in order to provide care. This brief reports findings from a recent Urban Institute study of the characteristics of persons in their fifties and early sixties who provide care to their elderly parents and the trade-offs

that families face when they divide their time between the provision of informal care and paid work.<sup>4</sup>

### SOCIAL TRENDS THREATEN TRADITIONAL ELDER CARE

Most elder care is provided informally at home by family members. In 1996, just 4.2 percent of persons age 65 and older were in nursing homes,<sup>5</sup> but many more elderly persons living in the community required care. For example, 10.5 percent of the noninstitutionalized elderly in 1996 were unable to complete basic personal activities such as getting out of bed or dressing without help and another 11 percent had trouble performing these basic activities unaided.<sup>6</sup> The help that the frail elderly receive at home generally comes from close relatives. For example, 57 percent of primary caregivers for impaired, community-dwelling persons age 70 and older are either the spouses or adult children of the care recipients, and adult children account for 42 percent of all caregivers for unmarried elderly recipients.<sup>7</sup>

However, ongoing demographic and socioeconomic trends threaten to weaken the family's traditional role in the care of the elderly. Over the past generation, women have assumed a much larger role in the labor market, limiting the amount of time they are able to devote to other responsibilities, including caring for their frail parents. Only 36 percent of married women ages 45 to 64 were employed in 1960, compared with 65 percent in 1997.

The demand for care has also been changing, but it is difficult to assess long-term trends in the need for care. Increases in longevity and declines in fertility have raised the number of elderly Americans over time, but improvements in health have decreased disability rates among the elderly since at least the mid-1980s.<sup>8</sup> Elderly disability rates may have begun to fall much earlier, but reliable data do not extend back beyond 20 years. One way to assess long-term changes in the number of elderly persons who need care is to compare over time the proportion of the population that is in the final year of life, since the need for care often increases dramatically as an individual approaches death. Based on census data on the size of the American population by age and vital statistics data on the probability of death by age in 1960 and 1997, we calculated that the number of Americans age 65 and older in the last year of life increased from 53 for every 10,000 per-

sons in the total population in 1960 to 64 for every 10,000 in 1997. As the number of elderly who may need care rises, the increased work responsibilities of women, who have historically been the primary caregivers for the frail elderly, may become incompatible with their caregiving responsibilities. How families respond to these pressures will have important implications for retirement and long-term care policies.

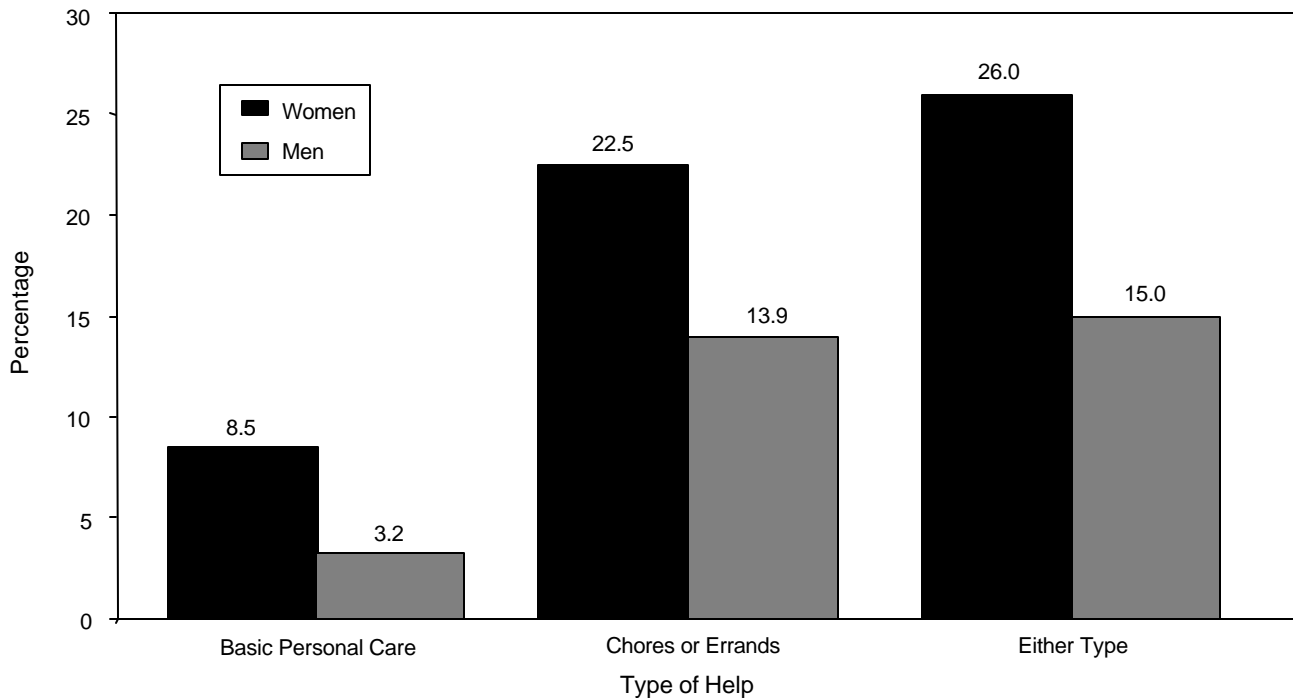
To better understand who helps their frail parents and how it affects employment for adult children in their fifties and sixties, we examined data from the Health and Retirement Study (HRS), a nationally representative survey of 9,824 Americans born between 1931 and 1941. Respondents, who were reinterviewed every two years, were asked whether they or their spouses spent a total of 100 or more hours in the past 12 months caring for their parents by assisting “with basic personal activities like dressing, eating, and bathing.” They were also asked whether they spent a total of 100 or more hours in the past 12 months helping their parents “with other things such as household chores, errands, transportation, etc.”<sup>9</sup> The findings described below

are based on a sample of HRS respondents in 1994 and 1996, when they ranged in age from 53 to 65, with at least one surviving parent. Only 43 percent of HRS respondents had a surviving parent in 1994, and the mean age of their parents was 82. After eliminating cases with missing data, our sample included 1,747 women and 1,380 men in 1994 and 1,010 women and 796 men in 1996.

### WHO PROVIDES CARE TO THEIR PARENTS?

A significant minority of men and (especially) women near retirement age whose parents are still alive devote substantial amounts of time to assisting them with basic personal needs or helping them with chores, errands, or transportation. Among adult children with surviving parents, 26 percent of women and 15 percent of men who were ages 53 to 63 in 1994 reported that they spent at least 100 hours caring for or helping their parents during the previous 12 months (figure 1).

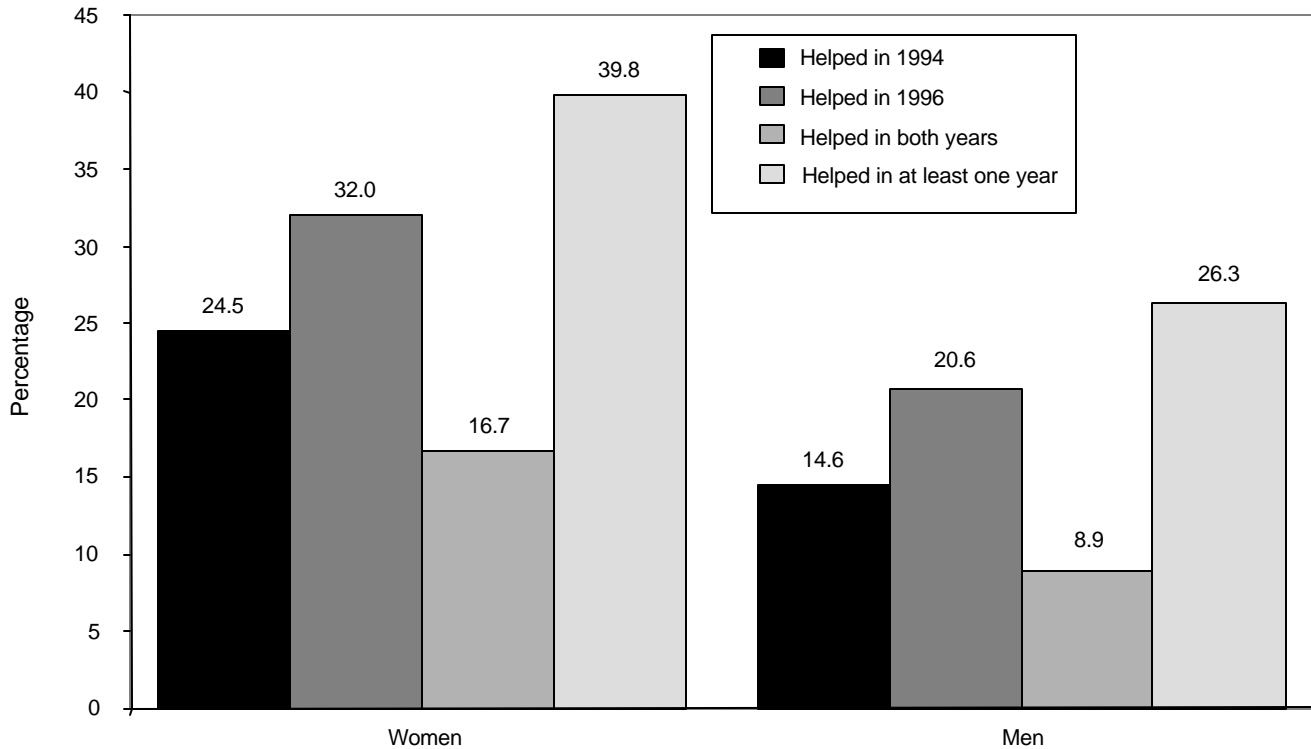
**FIGURE 1.**  
Percentage of Adult Children Who Helped Parents in 1994, by Gender



*Note:* Estimates were based on a sample of 1,747 women and 1,380 men, ages 53 to 63 in 1994 with at least one living parent, from the second wave of the HRS. Only respondents who spent at least 100 hours in the past 12 months assisting their parents were considered to have provided help.

*Source:* Johnson, Richard W., and Anthony T. Lo Sasso. 1999. “The Trade-Off between Hours of Paid Employment and Time Assistance to Elderly Parents at Midlife.” Unpublished manuscript. Washington, D.C.: The Urban Institute.

**FIGURE 2.**  
 Percentage of Women and Men with Surviving Parents in 1996 Who Helped Their Parents, 1994 and 1996



*Note:* Estimates were based on a sample of 1,010 women and 796 men, ages 55 to 65 in 1996 with at least one living parent, from the second and third waves of the HRS. Only respondents who spent at least 100 hours in the past 12 months assisting their parents were considered to have provided help. The percentage of persons reported here as helping in 1994 differs from figure 3 because the sample here is restricted to persons with living parents in 1996.

*Source:* Johnson and Lo Sasso, op. cit.

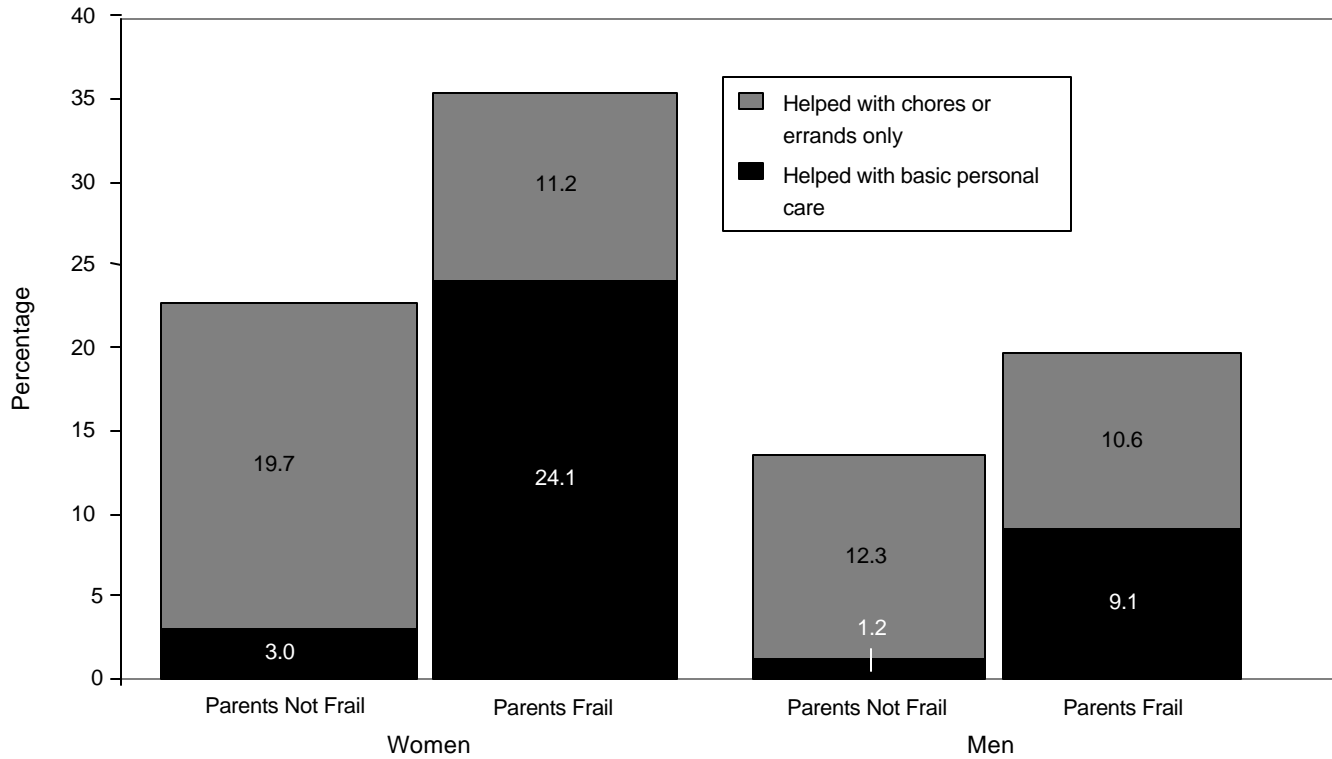
However, only 8.5 percent of women and 3.2 percent of men spent at least 100 hours during a 12-month period caring for their parents by assisting with personal activities, whereas 22.5 percent of women and 13.9 percent of men helped with chores or errands. Those who provided care generally spent much more than 100 hours per year helping their parents. For example, women who helped with personal activities spent on average 600 hours per year providing care to their parents, and 10 percent of women who helped spent 1,200 or more hours per year.

The numbers of women and men near retirement age who spend considerable amounts of time helping their parents become significantly larger when we examine more than one 12-month period. For example, among those with at least one parent alive in both 1994 and 1996, 40 percent of women and 26 percent of men reported in either year that they spent at least 100 hours in the past 12 months helping their parents with basic personal care or with chores or errands (figure 2). If more years of data were available, it is

likely that we would find that even larger percentages of men and women near retirement age had at some point in the recent past devoted substantial amounts of time to their parents. Among those with parents alive in both years, more adult children reported providing help in 1996 than in 1994, as their parents became increasingly frail over time and required more assistance (or as the children themselves approached retirement). However, few persons reported providing help in both years: Only 17 percent of women and 9 percent of men helped their parents in both 1994 and 1996, among those with surviving parents in both years. The proportion of children helping in both years was even smaller when all adult children with parents alive in 1994 were considered, because mortality rates are high for the frail elderly. Few adult children cared for their parents for prolonged periods of time. For the small number who do provide care for many years, however, the burden can be especially high.

Not surprisingly, parental health is one of the most important predictors of help from adult children. About

**FIGURE 3.**  
Percentage of Women and Men Who Helped Parents in 1994, by Frailty\* of Parents



\*Frailty is defined as need for assistance with basic activities.

Note: Estimates were based on a sample of 1,747 women and 1,380 men, ages 53 to 63 in 1994 with at least one living parent, from the second wave of the HRS. Only respondents who spent at least 100 hours in the past 12 months assisting their parents were considered to have provided help.

Source: Johnson and Lo Sasso, op. cit.

one-fourth of the men and women in our study reported in 1994 that one or both of their parents needed help with basic personal care, such as dressing or bathing, and those who reported that their parents needed care were significantly more likely to provide it. Fully 24 percent of women who reported that their parents needed assistance with basic personal care helped their parents with personal activities in 1994, compared with only 3 percent of women who reported that their parents did not need help with personal care (figure 3). However, parental health had only small effects on the likelihood that adult children helped with errands or chores. Consequently, substantial numbers of women and men provided some type of help to their parents (generally help with chores or errands) even when their parents could attend to their own personal care.

The availability of alternative sources of care also affects the chances of providing help to parents. Persons at midlife in our study were less likely to help when their

parents were married, because the spouse generally acts as caregiver when available to provide care. In addition, the presence of brothers and sisters reduced the likelihood of providing help to parents. Living arrangements also influenced the provision of care. Adult children in our sample were more likely to help when they lived with or near their parents (although only about 5 percent of the middle-aged persons in our sample actually resided with their elderly parents). However, competing family responsibilities do not appear to deter middle-aged Americans from helping their elderly parents. The presence of young children, a frail spouse, or frail parents-in-law, all of which generally increase time pressures on family members, does not reduce the likelihood of providing care to parents. The provision of care appears to be determined primarily by the needs of the parent, while the ease with which adult children can fulfill these needs plays only a secondary role.

## HOW DOES PARENTAL CARE AFFECT HOURS OF PAID WORK?

An important consequence of providing care to parents is that it leaves less time for other activities, such as paid employment or leisure. Some elderly persons who are very frail need constant care and cannot be left alone, making paid work virtually impossible for family members who serve as primary caregivers, unless the care is shared among several family members. Parents who require less intensive care may still need assistance that can interfere with work schedules, such as help with the preparation of meals or with transportation to doctors' offices.

Economic theory predicts that persons will reduce hours of paid employment when they provide care to their parents, but the empirical evidence to date has been mixed. Whereas some studies have concluded that additional hours of assistance reduce time spent working, others have been unable to find significant relationships between caregiving and labor supply.<sup>10</sup> Data and methodological problems have limited many previous studies. Some studies, for example, have been based only on samples of caregivers. Because the behavior of workers who act as primary caregivers may not be typical of most workers, conclusions about the relationship between hours of work and hours of assistance based on this sample may not generalize to the entire population. Other studies have been based on data from a single state, which may not accurately depict the demands faced by caregivers nationwide. Some studies have relied on data that include little information about the labor supply of caregivers or do not clearly define what is meant by "taking care" of parents at older ages. Most studies have utilized data for a single time period only, limiting their ability to control for fixed but unmeasured characteristics of caregivers. Our study, by contrast, is based on data from a nationally representative survey of middle-aged Americans who were interviewed multiple times and who were asked detailed questions about the type and amount of help they provided to their elderly parents.

Measuring the impact of caregiving on labor supply is difficult because estimates need to account for the fact that caregivers generally have different characteristics than those who do not provide care, and only some of these differences can be directly observed. A straightforward way to assess the relationship between caregiving and hours of work would be to perform an experiment in which we randomly assigned certain individuals to act as caregivers. We could then compare the number of hours caregivers worked to the number of hours worked by those who were not assigned to provide care to their parents. However, this type of experiment is impossible. Instead, to estimate how caregiving affects labor supply we must utilize statistical techniques that attempt to

mimic these types of experiments. These statistical techniques involve controlling for observable factors (such as demographic, economic, educational, health, and family characteristics of adult children and their parents) plus unobservable factors (such as the feelings of love and responsibility that children often have for their parents) that can affect caregiving and labor supply.

Employing these statistical techniques, we find that help to parents had large effects on hours of paid work for both women and men. Our estimates indicate that women who provided at least 100 hours of assistance to their parents in the past 12 months (and most provided much more than that) reduced their annual labor supply by 459 hours (figure 4). The estimated effect was almost identical for men, who reduced paid employment by 462 hours per year when they helped their parents. Help given to parents had larger effects on labor supply than most of the control variables in our models. Only poor health reduced hours of work more than assistance to parents.

## POLICY IMPLICATIONS

The findings from our study suggest that devoting time to the informal care of elderly parents may be incompatible with full-time, paid employment at midlife. Women ages 53 to 65 who spend at least two hours per week, on average, helping their parents with personal care or with chores and errands cut back their hours of paid work by 43 percent. Men at midlife who help their parents reduce their labor supply by about 28 percent. Although additional research is needed to determine whether these reductions in labor supply come about through early retirement or reduced weekly hours of work, our results suggest that special work arrangements, including flexible work schedules and part-time work, may be necessary if persons with frail family members are to balance their work and family responsibilities successfully.

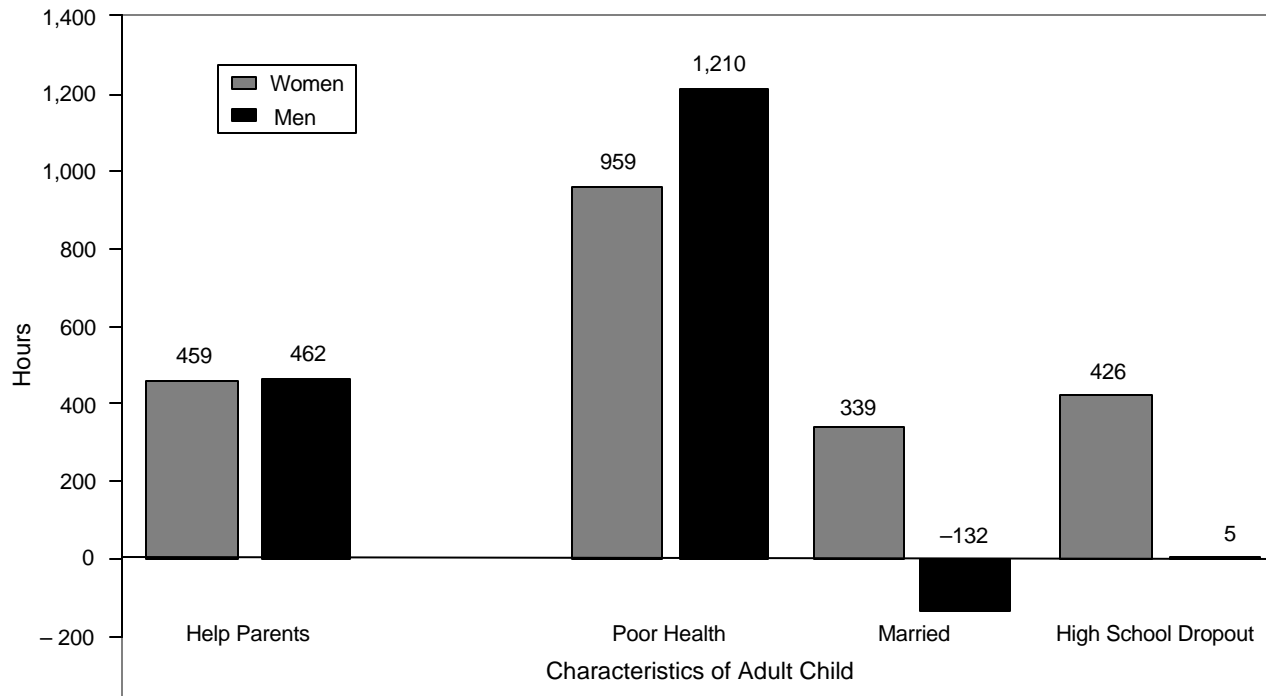
At present, few persons at midlife spend substantial amounts of time helping their elderly parents in any given year. We find that about one in four women and almost one in six men ages 53 to 63 in 1994 with living parents helped their parents during a 12-month period, but only 43 percent of persons in this age range had living parents. In other words, only about 11 percent of women and 6 percent of men at midlife devoted more than 100 hours per year to assisting their parents in 1994. However, for those who do provide informal care the costs are high. The loss of 459 annual work hours for women translates to an average of about \$7,800 in pre-tax lost wages per year in 1994 dollars. Those who cut back their labor supply to care for frail parents also lose retirement savings because they accumulate fewer

credits toward future Social Security and private pension benefits. Others may lose health insurance if they drop out of the labor force before they become eligible for Medicare benefits. Although most of the concerns raised about the high cost of caring for the frail elderly have focused on the costs of formal care, the financial costs incurred by families that provide informal care to the frail elderly are also high. Pressures on families will likely mount in the near future as falling mortality and fertility rates continue to increase the proportion of the population that is very old and as women continue to play more important roles in the labor market.

In contrast to the subsidies for formal care that are provided by Medicare and Medicaid, few public programs exist to support family caregivers. One federal initiative that assists caregivers is the Family and Medical Leave Act of 1993, which requires employers to provide up to 12 weeks of unpaid leave to workers who need time off to care for family members. Other programs have recently been proposed but have not yet been enacted. The Clinton administration,

for example, proposed in its FY 2001 budget to offer a \$3,000 tax credit to persons with functional limitations who incur long-term care expenses or to family members who care for them. In addition, the administration proposed new programs to provide respite care and other support services for caregivers. The administration also proposed that states be permitted to provide Medicaid services to frail elderly persons who choose to live in the community instead of nursing homes. Last August, Congress passed the Taxpayer Refund and Relief Act of 1999, which among other things would have provided additional personal exemptions for taxpayers who live with their frail parents. However, President Clinton vetoed the legislation, for reasons unrelated to its caregiving provisions. The Omnibus Long-Term Care Act of 1999 (H.R. 2691) would provide Medicare benefits and Social Security credits to workers who leave their jobs to care for their frail parents. The bill was introduced in the House of Representatives in August, but Congress has not yet taken any action.

**FIGURE 4.** Reduction in Annual Hours of Paid Work Associated with Help Given to Parents Compared with Reduction Associated with Other Characteristics



*Note:* Estimates control for characteristics of the adult child (age, race, education, health, marital status, nonwage income, number of own children and siblings, and presence of frail spouse or frail parent-in-law) and of the parent (age, health, marital status, home ownership, and financial situation). Estimates were based on a sample of persons ages 53 to 65 with at least one surviving parent from the second and third waves of the HRS.

*Source:* Johnson and Lo Sasso, op. cit.

Although we found that the cost in lost wages can be high when adult children care for their elderly parents, it is difficult to design policies that narrowly target persons who reduce hours of work to help their parents. It is difficult to identify those who would have worked longer hours if they did not care for their frail parents. Workers cut back their hours for many different reasons, and if spending time caring for parents provided tax advantages, workers would have financial incentives to claim that they helped their parents even when they did not. Moreover, if the principal cost of providing care for frail parents is lost earnings, then it is not clear that caregivers deserve special tax breaks that are not available to all low-income persons. For example, consider two workers who each earn \$300 per week. If the first works 20 hours per week and spends the rest of her time providing care, while the second works 40 hours but earns only half as much per hour, it seems hard to justify a lower tax bill for the high-wage caregiver than for the low-wage noncaregiver. Tax subsidies for the informal care of the elderly might make more sense if families faced high out-of-pocket expenses when they provided care for their parents, such as the cost of medicine or food for co-resident parents. But if the only costs of providing care are foregone earnings, it is more difficult to justify relief beyond what is provided by the progressivity of the tax code.

Perhaps the strongest argument in favor of subsidies for informal care is that they might discourage expensive nursing home care. Care can generally be provided at lower cost within the home, where most elderly persons prefer to live. Although the relationship between informal care and nursing home care has not been well established, there are some indications that the availability of informal care influences nursing home stays. For example, research has shown that women with surviving husbands or surviving children tend to have shorter nursing home stays than women without close family members who could potentially provide care.<sup>11</sup> However, more research is needed before we can predict with any confidence that more elderly persons will be able to remain in the community and out of nursing homes if we subsidize informal home care.

## ENDNOTES

<sup>1</sup> U.S. Bureau of the Census. 1996. *65+ in the United States*. Current Population Reports, Special Studies, P23-190. Washington, D.C.: U.S. Government Printing Office.

<sup>2</sup> Health Care Financing Administration. 1998. *National Health Care Expenditures*. Available at <http://www.hcfa.gov/stats/nhe-oact/tables/t7.htm>; and Health Care Financing Administration. 1998. *1998 Data Compendium* Baltimore: U.S. Department of Health and Human Services. Available at <http://www.hcfa.gov/stats/98datacmp.pdf>.

<sup>3</sup> Health Care Financing Administration. 1999. *A Profile of Medicare Home Health*. DHHS Publication No. HCFA-10138. Washington, D.C.: U.S. Department of Health and Human Services. Available at <http://www.hcfa.gov/stats/cbookhha.pdf>.

<sup>4</sup> Our complete report, "The Trade-Off between Hours of Paid Employment and Time Assistance to Elderly Parents at Midlife," is available at <http://www.urban.org>.

<sup>5</sup> National Center for Health Statistics. 1998. *Health, United States, 1998*. DHHS Publication No. (PHS) 98-1232. Hyattsville, Md.: U.S. Department of Health and Human Services.

<sup>6</sup> National Center for Health Statistics, 1998.

<sup>7</sup> McGarry, Kathleen. 1998. "Caring for the Elderly: The Role of Adult Children." In *Frontiers in the Economics of Aging*, edited by David A. Wise (133–63). Chicago: University of Chicago Press.

<sup>8</sup> Disability rates among the elderly in the United States declined from 24.9 percent in 1982 to 21.3 percent in 1994 (Manton, Kenneth G., Larry Corder, and Eric Stallard. 1997. "Chronic Disability Trends in Elderly United States Populations: 1982–1994." *Proceedings of the National Academy of Sciences* 94 (5): 2593–98).

<sup>9</sup> These were the questions asked in 1996. The same questions were asked in 1994, except that the initial hours threshold was 50, not 100. Respondents who reported helping for at least 50 hours in 1994 were asked how many hours they spent helping their parents, and those who could not report the exact number were asked whether it was more than 100 hours.

<sup>10</sup> Studies that conclude that providing care to parents reduces labor supply include Doty, Pamela, Mary E. Jackson, and William Crown, 1998, "The Impact of Female Caregivers' Employment Status on Patterns of Formal and Informal Eldercare," *Gerontologist* 38 (3): 331–41; Ettner, Susan L., 1995, "The Impact of 'Parent Care' on Female Labor Supply Decisions," *Demography* 32 (1): 63–79; Ettner, Susan L., 1996, "The Opportunity Costs of Elder Care," *Journal of Human Resources* 31 (1): 189–205; and Pavalko, Eliza K., and Julie E. Artis, 1997, "Women's Caregiving and Paid Work: Causal Relationships in Late Midlife," *Journal of Gerontology: Social Sciences* 52 (B): S170–S179. Studies that find no substantial relationship between elder care and paid employment include Pezzin, Liliana E., and Barbara Steinberg Schone, 1999, "Intergenerational Household Formation, Female Labor Supply and Informal Caregiving: A Bargaining Approach," *Journal of Human Resources* 34 (3): 475–503; Stern, Steven, 1995, "Estimating Long-Term Care Decisions in the Presence of Endogenous Child Characteristics," *Journal of Human Resources* 30 (3): 551–80; and Wolf, Douglas A., and Beth J. Soldo, 1994, "Married Women's Allocation of Time to Employment and Care of Elderly Parents," *Journal of Human Resources* 29 (3): 1259–76.

<sup>11</sup> Freedman, Vicki A. 1993. "Kin and Nursing Home Lengths of Stay: A Backward Recurrence Time Approach." *Journal of Health and Social Behavior* 34: 138–52.

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## T H E R E T I R E M E N T P R O J E C T

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### The Retirement Project

The Retirement Project is a multiyear research effort that addresses how current and proposed retirement policies, demographic trends, and private-sector practices affect the well-being of older individuals, the economy, and government budgets. The project is made possible by a generous grant from the Andrew W. Mellon Foundation.