

Economic independence from parental support: a critical juncture in the transition to adulthood

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Introduction

The transition to adulthood is an important stage in life that involves becoming independent from parents. Economic independence, defined as the absence of essential financial or co-residential support from one's family, has important societal implications. Over the past three decades, young adults in the United States have experienced delays in achieving economic independence, but little is known about how trajectories to independence interact with other transition milestones such as family formation and employment, or the determinants of differential transitions between and within families and by sex. In this paper we ask: i) how are transitions in-and-out of economic independence placed in the context of other important life transitions in young adulthood? ii) what are family characteristics associated with different transitions? And iii) how do transitions differ within families, especially by sex?

Background

Scholars conceptualise the transition to adulthood as the achievement of different milestones, which commonly include: finishing school, full-time employment, marriage, and childbearing. All these milestones are being delayed in the US. Young adults are staying in school longer (Schonmann & Becker 1995), they are taking longer to find stable and full-time employment (Sironi & Furstenberg 2012), and age at first marriage and childbearing has dramatically increased (Cherlin 2010). Meanwhile, attitudes about what it takes to reach adulthood in the US remain surprisingly stable (Cepa & Furstenberg 2021).

In this paper, we draw attention to a particular component in the transition to adulthood: *economic independence from parental support*, which has largely been overlooked in the context of the life course trajectory literature due to limitations in data availability. While there is a large body of research on the determinants and consequences of parental financial help during young adulthood, none adopt a life course perspective, and the focus has narrowly been on its effect on occupational and labor market outcomes (Manzoni 2018; Bea & Yi 2019; Jacob 2008).

Our focus on independence from parental support extends previous theoretical focus on economic/financial independence of young adults, but it highlights the role of family support *beyond* young adults' ability to secure full-time employment (Fraboni 2013), or the dollar amount of current income (Sironi & Furstenberg 2012). These operationalizations are susceptible to bias stemming from differences in expected returns to education, which meaningfully vary by socioeconomic class. This matters because young adults' transitions into different life states may be more based on their *potential earnings*, rather than their realized ones, especially as they transition into adulthood. In fact, previous research has documented the important role that parental support plays in allowing young adults to stay in school longer (Settersten & Rey 2010), and attend private colleges (Flaster 2018), thereby delaying their entry into the labour market, while at the same time increasing their returns to education.

Data and methods

We use the Panel Study of Income Dynamics' (PSID) Transition to Adulthood Study (TAS) which includes detailed information about the type and amount of support young adults aged 18–28 receive from their parents in the US. The TAS component of the PSID was collected from 2005 onwards. Following previous research (Bea & Yi 2019), we define *independence from parental support* to be i) not having received housing assistance (whether in the form of co-residence, or monetary help with paying rent or mortgage) and ii) not having received monetary support for bills or expenses, large gifts, and tuition in the past year.

Independence from parental support is not a one-way transition. Children can be independent from parental support during some periods of their lives and become dependent on parental support again, in others. In addition, parental support varies in type and timing. For example, previous research has documented its increase upon the birth of a grandchild (Lumsdaine & Vermeer), or during economically hard times (Houle and Warner 2017; Sironi 2018; Swartz et al 2011). Instead of modelling a one-way transition into independence from parental support, therefore, we seek to understand independence in the context of other important life transitions. We use sequence analysis, which is a common statistical tool to study life course trajectories. Sequence Analysis allows us to embed independence from parental support into an individual's life-course trajectory (Barban & Billari 2016; Barban & Sironi 2019). It also allows us to model transitions in and out of independence.

Our analyses specifically consider the following: i) the timing of the first instance (age at first independence), ii) the number of times an individual transitions in and out of independence (the stability of independence), and iii) the ordering of independence vis-à-vis other life course transitions (i.e. whether independence from parental support precede other transitions such as first stable employment, marriage, and childrearing).

Descriptive Analyses

The PSID has a unique panel structure that follows family members over time, keeping track of family linkages across different households. As such, individuals leaving the parental home remain in the survey as adults. This allows us to link young adults' trajectories in-and-out of independence to the parental and family characteristics that are likely to determine them.

We will explore the family- and individual-level sociodemographic profiles of age at first independence, the stability of independence, and trajectories for different individuals. These include parental education and socio-economic status, the presence and number of siblings, race/ethnic group, and the health status of both parents and children, among those identified in the theoretical and empirical literature (Fingerman et al., 2015; Kohli & Kunemund, 2003). Because parental support is a "relational" measure, so to speak, we are also interested in modelling parental motivation/decision to give more to one child over another. Things like gender, birth order, and relative educational achievement, may all be important within-family predictors. Within-family models also allow us to control for family resources, which fundamentally limit the extent to which families are able to support their young adult children.

To understand the sociodemographic characteristics that shape trajectories of transition into adulthood (that also include our measure of independence), we follow Barban & Billari (2012), and use a clustering algorithm to identify ideal-types of trajectories. We then perform the same descriptive exercise to understand the characteristics of individuals that are associated with different kinds of trajectories.

Expected findings

As we are currently in the data analysis stage of this project, we provide some theoretically informed expectations of our findings. Previous research has shown great heterogeneity in becoming independent from parental support by socioeconomic class (Bea & Yi 2019). This heterogeneity heavily reflects socioeconomic status (SES). Studies of transition to adulthood generally show that lower-SES young adults receive less help from parents (Fingerman et al. 2015) and achieve the milestones associated with transition to adulthood earlier (Furstenberg, 2008; Sironi, Barban & Impicciatore 2015). Thus, we expect to find lower SES to be associated with delayed age at first independence. Our expectations regarding the stability of independence among individuals of different SES is less clear. On the one hand, lower-SES parents may not have the resources to provide a lot of support to their young adult children, as noted above. On the other hand, lower-SES young adults tend to have more complex life course trajectories as defined by the number of transitions between different demographically relevant states (Furstenberg 2014), which may increase their need to fall back on parental support, especially during periods of transition. We hypothesize that the *type* of support lower-SES parents provide may be different: in line with previous work (Fingerman et al 2015), we expect that lower-SES parents are more likely than higher-SES parents to provide in-kind support, such as co-residence, to their young adult children.

We also expect to find differences by sex in the timing, stability, and trajectory of independence, though the direction and relative magnitude of effects for each sex is less clear.

Previous research has already documented the narrowing gap in labour market participation and earnings of women as compared to men (Sironi & Frustenberg 2012). Attitudinal evidence shows that women are currently more likely to value economic independence as a marker of having achieved adulthood than men (though the opposite was true as recently as 2002) (Cepa & Frustenberg 2020). Among men, financial independence (defined as stable employment and higher earnings) has been linked to earlier transitions into marriage and childbearing, but for women, this trend does not hold (Blossfeld 1995). In fact, many studies link women's delayed marriage and childbearing in high-income countries to increased economic independence (Becker 1965; Oppenheimer 1994). Our sequence analysis results will shed light on whether independence from parental support has similar consequences for men and women. We anticipate gendered expectations about what young men and women are responsible for to shape, at least in part, parental giving/support behaviour. In addition to conducting our analyses separately by sex, our within-family analyses will allow us to understand within-family gender dynamics with respect to economic independence from parental support.

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