2 The Economic Well-Being of Over 50s and their Children

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tilda
Staidéar Fadaimseartha na hÉireann um Dhul in Aois
The Irish Longitudinal Study on Ageing

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Key Findings

- The gross income levels of the TILDA participants remained the same between wave 1 and wave 2 despite a shift away from labour income sources towards retirement income sources.
- Wealth has fallen between wave 1 and wave 2 and this is largely due to reductions in property values.
- Of those who were employed in wave 1, 13% had retired by wave 2.
- Of these new retirees, a higher percentage of those with higher levels of education had retired before the state pension age (SPA).
- Eligibility for the state pension is the main reason for retirement for new retirees.
- 5% of the adult children of TILDA participants who were living in Ireland in wave 1 had emigrated by wave 2.
- Employment levels amongst the adult children of TILDA participants are highest among those who have emigrated or were already living abroad at wave 1.
- Unemployment among children at wave 2 is highest among those who have returned to Ireland from abroad, have returned to live with their parents or were already living with their parents at wave 1.

2.1 Introduction

In this chapter the economic circumstances of participants and their children is examined from a number of perspectives. Firstly, changes in the income and wealth of participants between wave 1 and 2 of TILDA are examined, as are the sources of income and wealth. Secondly, changes in labour market status between waves are examined. Although labour market status, income and wealth might not have changed for many participants, they are likely to have changed for some, particularly for those who were approaching retirement age at wave 1.

Thirdly, as youth migration patterns to and from Ireland have changed substantially in recent years, the participants' children's internal and international migration patterns between wave 1 and wave 2 are investigated. Specifically, the relationship between children's migration patterns and labour market outcomes is examined.

2.2 A comparison of income and wealth between wave 1 and wave 2

In this section, changes in the income and wealth of the TILDA participants between wave 1 and wave 2 are discussed. In the analysis below, one will see that the wealth of older people has fallen and this is largely due to continuing reductions in property values. The analysis also shows that the gross income levels of the TILDA participants remained the same despite a shift away from labour income sources towards retirement income sources.

2.2.1 Wealth

In this sub-section which discusses wealth, the sample used is a subset of the total TILDA sample. Firstly, only participants who responded to both waves and who were over the age of 50 in wave 1 (n=6,984) are used in the analysis in this sub-section. Secondly, a large number of participants chose not to respond to certain questions relating to their wealth or responded that they did not know the value of certain items. A further 3,284 observations are dropped from the analysis for this reason (i.e., the participants did not know, or refused to provide information about at least one component of their wealth). Three quarters of these missing values that were dropped were due to non-response to wealth questions in wave 1. The improved rate of complete cases in wave 2 was due to changes in the modes of response offered to the participants in wave 2. In wave 2 of TILDA, participants who did not give exact answers to the wealth questions were offered banded answers as a response. The final working sample for the analysis in this sub-section consists of 3,700 participants.

In both waves of TILDA the financial respondent within each household is asked whether or not they hold, and their own valuations of: owner occupied residential property; savings on deposit; financial assets; cars; other residential property; other types of assets such as farmland and businesses. The value of total household gross assets can be derived from aggregating the values of these assets. The value of total household net assets is obtained by subtracting non-mortgage debt and mortgage debt from total household gross assets.

Table 2.1: Proportion holding different types of assets and debt

	wave 1		wave 2	
	%	(95% CI)	%	(95% CI)
Owner Occupied Housing	88.2	(86.4, 89.9)	85	(83.2, 86.8)
Savings on Deposit	64	(61, 66.9)	76	(73.6, 78.4)
Financial Assets	29.5	(27.2, 31.9)	24.8	(22.6, 26.9)
Cars	77.8	(75.6, 79.9)	78.7	(76.7, 80.8)
Other Assets	20	(17.8, 22.1)	19.4	(17.4, 21.5)
Non-Owner Occupied Housing	11.9	(10.4, 13.3)	12.3	(10.9, 13.7)
Mortgage Debt	26.4	(24.2, 28.6)	26.3	(24.2, 28.3)
Non-Mortgage Debt	12.1	(10.7, 13.6)	11.1	(9.8, 12.4)
Any Assets	92.9	(90.7, 95.1)	95.9	(95, 96.8)

In Table 2.1 one can see that the proportion owning cars, non-owner occupied housing and other types of assets such as business assets has remained broadly the same between waves. The proportion owning their own home has fallen slightly (from 88% in wave 1 to 85% in wave 2), but is still of a similar magnitude. However there has been an increase in the percentage with savings on deposit by about twelve percentage points to about 76%. This rise in people having savings was not fully offset by the reduction in the proportion of the sample who hold financial assets (from approximately 30% in wave 1 to 25% in wave 2). The increase in the number of participants with savings, and indeed the reduction in those holding riskier financial assets, could be interpreted as a precautionary reaction in a time of uncertain economic conditions. Overall there has been a slight increase in the proportion with any wealth from about 93% in wave 1 to about 96% in wave 2.

From Table 2.2 it can be seen that the median value of total household gross assets has fallen from around €271,000 in wave 1 to €229,000 in wave 2. In Figure 2.1 one can see that the 65-74 age group had the biggest losses in absolute terms and in relative terms. One can see from Figure 2.2 that when categorising individuals by highest educational group, all groups experienced losses and that the losses were around 10-15% for each educational group.

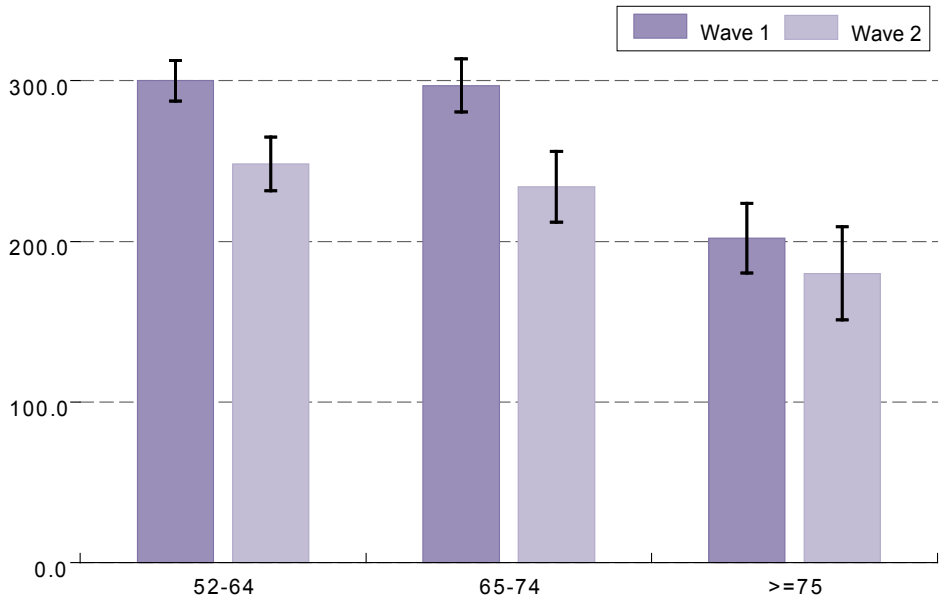
From Figure 2.1 and 2.2 it is evident that the slopes of the gradients of wealth against age

and education are preserved between waves. The data in Figure 2.3 present the entire distribution of wealth in both waves of TILDA. For both waves, about a fifth of the over 50s have less than €100,000 in wealth, and about two thirds have wealth of less than €350,000. For both waves, around 6% have wealth in excess of €1,000,000.

Table 2.2: Median value of assets for those holding the assets (in €k)

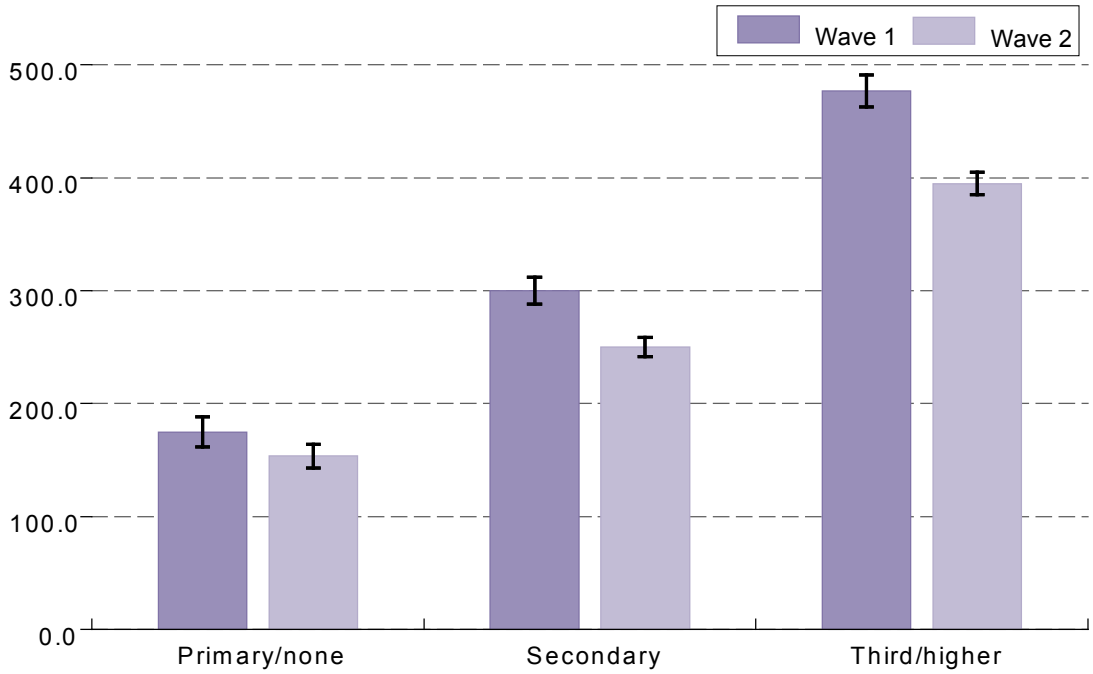
	wave 1		wave 2	
	Median	**(95% CI)**	**Median**	**(95% CI)**
Owner Occupied Housing	230	(223, 237)	180	(173, 187)
Savings on Deposits	20	(19, 21)	20	(19, 21)
Financial Assets	20	(18, 22)	20	(17, 23)
Cars	5	(5, 5)	5	(5, 5)
Other Assets	100	(80, 120)	150	(133, 167)
Non-Owner Occupied Housing	200	(180, 220)	150	(136, 164)
Gross Assets	271	(261, 281)	229	(219, 239)
Mortgage Debt	56	(50, 62)	54	(48, 60)
Non-Mortgage Debt	9	(8, 10)	8	(7, 8)
Net Assets	255	(244, 266)	213	(203, 223)

Figure 2.1: Median value of total household gross assets by age (in €k)



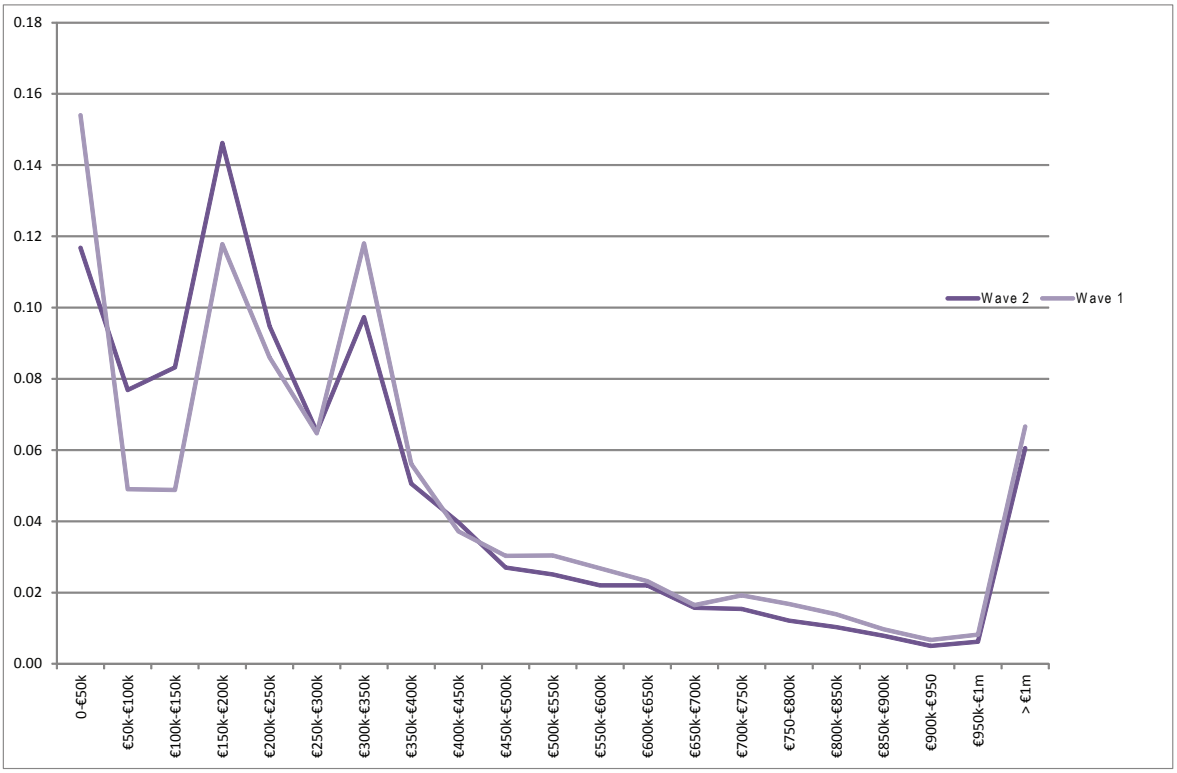
Note. N = 3700; Missing obs = 1219; Error bars correspond to 95% confidence intervals

Figure 2.2: Median value of total household gross assets by highest educational attainment (in €k)



Note. N = 3699; Missing obs = 1220; Error bars correspond to 95% confidence intervals

Figure 2.3: The distribution of total household gross assets



The Gini coefficient is a standard measure of inequality used throughout the world. A Gini coefficient of zero represents perfect equality in a society while a Gini coefficient of one represents a perfectly unequal society. The estimated Gini coefficients for total household gross assets were found to be roughly similar for each wave at a value of around 0.53. Due to the paucity of both Irish and international wealth data it is hard to put the estimated wealth Gini coefficients into context. However, wealth Gini coefficients ranging from 0.547 to 0.808 have been estimated for all ages in certain OECD countries using data from the late 1990s to the early 2000s (1). Thus the Gini coefficient for the wealth of older Irish people appears to be on the lower range of wealth inequality internationally.

Table 2.3 shows the average composition of the total asset portfolio of the over 50s. There were two statistically significant changes in the asset portfolio. Firstly, owner-occupied housing wealth as a percentage of total wealth fell from about 71% to about 67% between waves. Secondly, savings on deposit as a percentage of total wealth rose from just under 10% in wave 1 to just under 13% in wave 2. All of the other components more or less maintained their share of overall wealth between wave 1 and wave 2.

Table 2.3: Proportion of total wealth held in each type of asset

	wave 1		wave 2	
	%	(95% CI)	%	(95% CI)
Owner Occupied Housing	71.1	(69.7, 72.5)	67.1	(65.7, 68.5)
Savings on Deposits	9.8	(9, 10.6)	12.7	(11.8, 13.5)
Financial Assets	3.8	(3.3, 4.3)	3.5	(2.9, 4)
Cars	4.1	(3.6, 4.7)	4.9	(4.3, 5.5)
Other Assets	7.3	(6.3, 8.2)	8.3	(7.4, 9.3)
Non-Owner Occupied Housing	3.9	(3.4, 4.4)	3.6	(3.1, 4)
Total	100		100	

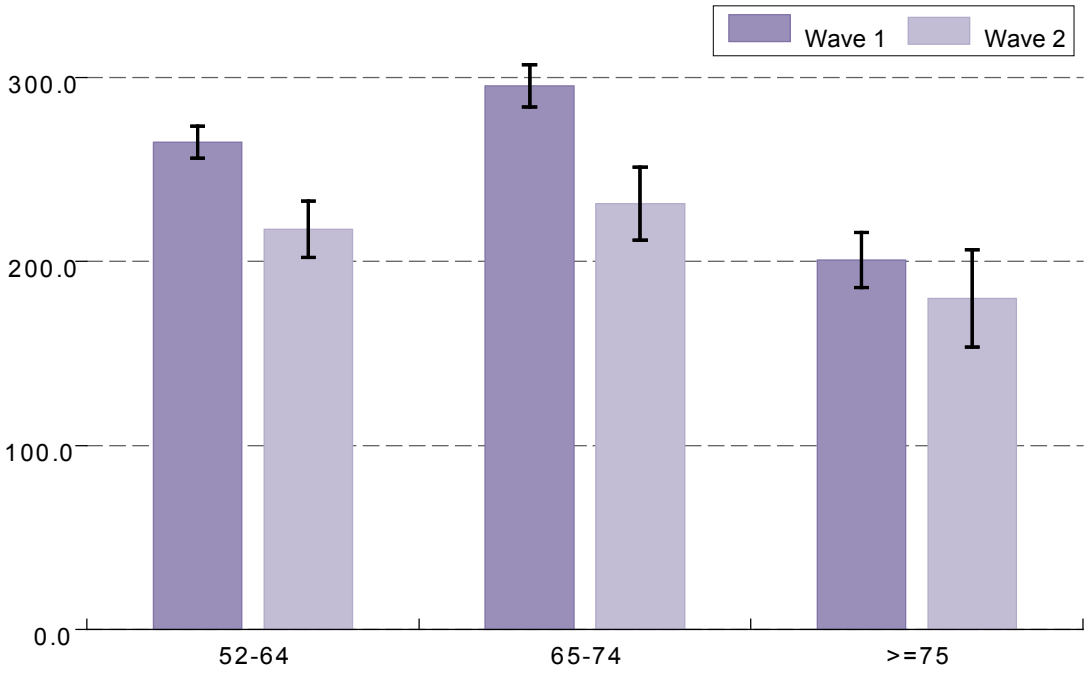
In Table 2.2 it can be seen that median valuations of owner-occupied housing wealth fell from around €230,000 in wave 1 to €180,000 in wave 2. Given that approximately 85% of participants own their home (see Table 2.1) and that owner-occupied housing wealth makes up about two thirds of overall gross wealth in wave 2 (see Table 2.3), changes in housing values have big effects on overall total wealth.

Staying with property assets, one can see from Table 2.1 that about 12% of households own non-owner occupied housing and this has remained constant between waves. The median value of these second and subsequent homes has fallen greatly from €200,000 in wave 1 to €150,000 in wave 2 (see Table 2.2).

In Table 2.1 it can be seen that the percentage of those with savings on deposit has risen from 64% in wave 1 to 76% in wave 2. The median level of savings for those who hold savings remained at about €20,000 between waves (see Table 2.2). The percentage holding financial assets other than savings on deposit has fallen from about 30% in wave 1 to about 25% in wave 2 (see Table 2.1). These assets include life insurance (current cash value), mutual funds, bonds or shares. The value of these financial assets for those who hold them is approximately €20,000 in both waves of TILDA (see Table 2.2).

In Table 2.1 one can see that the percentage of households holding other types of assets such as business assets and farmland has remained at about 20% between waves. About 50% of these other types of assets are concentrated in the hands of those who are self-employed (including farmers) and their partners. In Table 2.2 it can be seen that the value of these assets rose from a median €100,000 in wave 1 to a median of €150,000 in wave 2.

Figure 2.4: Median value of total household net assets by age (in €k)

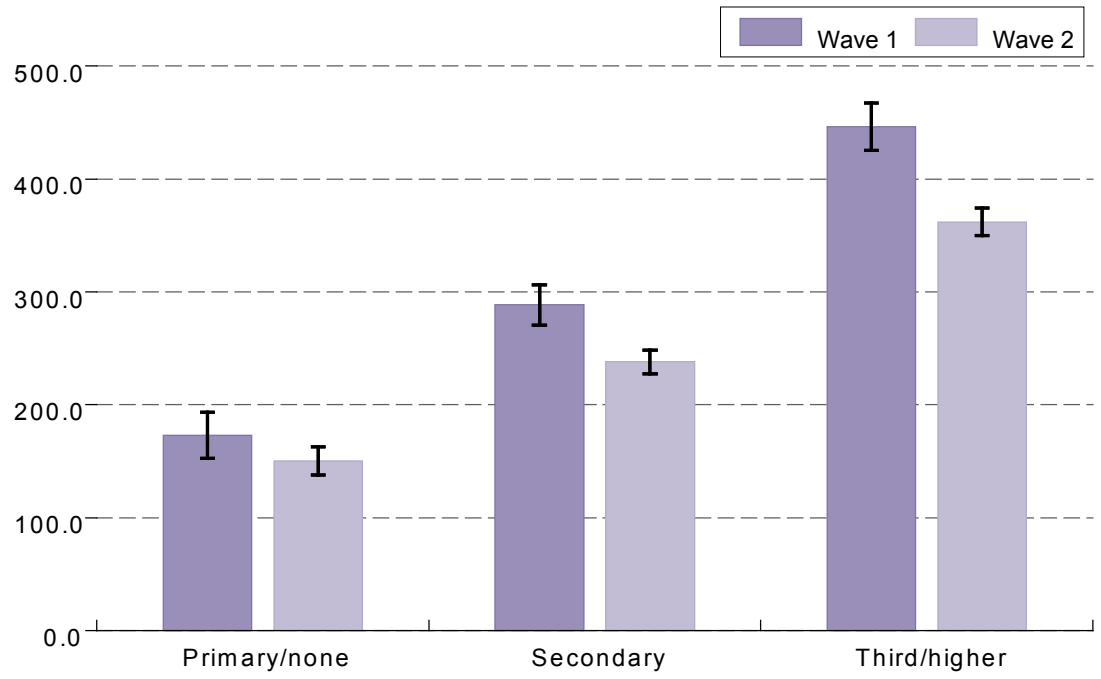


Note. N = 3700; Missing obs = 1219; Error bars correspond to 95% confidence intervals

In Table 2.1 one can see that the percentage of those with non-mortgage debt (around 26%) and mortgage debt (around 11-12%) has not changed significantly between waves. Table 2.2 shows that the median amount of outstanding non-mortgage debt has fallen slightly from €9,000 in wave 1 to €8,000 in wave 2. The median amount of remaining mortgage debt has also fallen slightly from €56,000 in wave 1 to €54,000 in wave 2.

Finally from Table 2.2, it is evident that total net assets have fallen from €255,000 in wave 1 to €213,000 in wave 2. In Figure 2.4 and Figure 2.5 one can see that falls in net assets affected all age groups and education groups, similar to the findings above in relation to gross assets levels.

Figure 2.5: Median value of total household net assets by highest educational attainment (in €k)



Note. N = 3699; Missing obs = 1220; Error bars correspond to 95% confidence intervals

While the types of assets held by participants have not changed drastically, the value of these assets has fallen. Owner-occupied housing is the largest component of overall wealth, and therefore falls in property values drive much of the decrease in wealth between waves. By relying on self-reported values of assets, the true level of wealth is being measured with error. Furthermore, the degree and direction of measurement error may differ according to different demographic characteristics. For example, those participants with adult children who bought property in the last number of years may

have a better assessment of what their own property is worth. Additionally there could be differences in the accuracy of people's assessment of their wealth over the course of the two waves of TILDA. According to the Daft Report 2013 Q2, the rate of decline in asking prices for houses nationally during the first wave of TILDA was about 1.6% from month to month. However, this appears to have slowed down to less than 1% per month during the period in which wave 2 of TILDA was collected (2). With house prices stabilising during the collection of wave 2 and a greater number of transactions on the market, participants may have been better able to value their properties.

2.2.2 Income

In both waves of TILDA, all eligible participants within each household are asked about their overall level of income and the different sources of income. In this sub-section, the sources of income are categorised as labour income (from employment or self-employment); occupational or private pension income; and social insurance and social allowance income. In this analysis, social insurance and social allowance income includes the contributory and non-contributory old age pensions. Asset income is not considered as there was a change in wave 2 in the way in which participants were asked about their savings on deposit. This is unlikely to affect our calculations as asset income only makes up around 5% of total gross income in wave 1. Throughout this sub-section, only gross individual-level income is reported and all amounts are expressed in terms of weekly income.

In this sub-section, which analyses changes in income, only participants who responded to both waves and who were over the age of 50 in wave 1 (n=6,984) are examined. A further 1,161 observations are dropped as the participants did not know or refused to provide information on at least one component of their income. This leaves a working sample of 5,823.

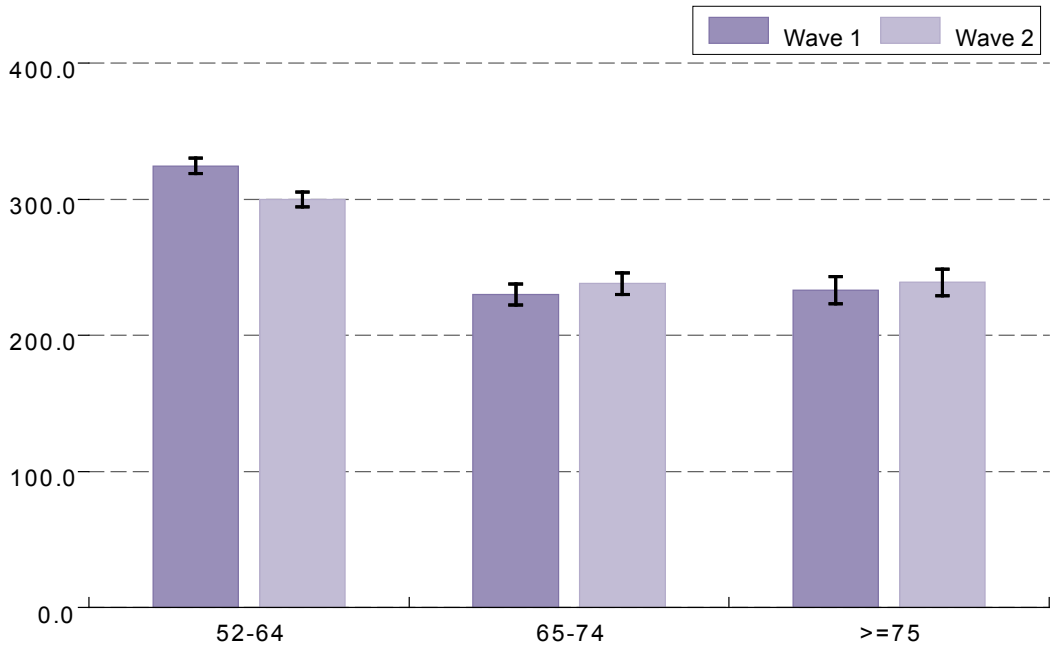
As shown in the first row of Table 2.4, weekly median gross income at an individual level was around €240 in each wave. Stratifying by the age of the participant at wave 2, it can be seen in Figure 2.6 that median income is down slightly for those aged 52-64 from just over €325 per week in wave 1 to just under €300 per week in wave 2, but slightly up for those aged 65-74 from just over €230 per week in wave 1 to just under €238 per week in wave 2 (but the increase for those aged 65-74 years is not statistically significant). Median income for those aged 75 and over increased from €233 per week in wave 1 to €239 per week in wave 2 but the difference between waves is statistically insignificant.

Table 2.4: Median value of weekly gross ncome by source (in €)

	wave 1		wave 2	
	Median	(95% CI)	Median	(95% CI)
All Income*	240	(234, 245)	240	(234, 246)
Pension Income**	250	(222, 278)	267	(242, 291)
Social Insurance/Allowance Income **	219	(217, 220)	225	(224, 227)
Labour Income**	500	(478, 522)	500	(478, 522)

***all observations **non-zero observations**

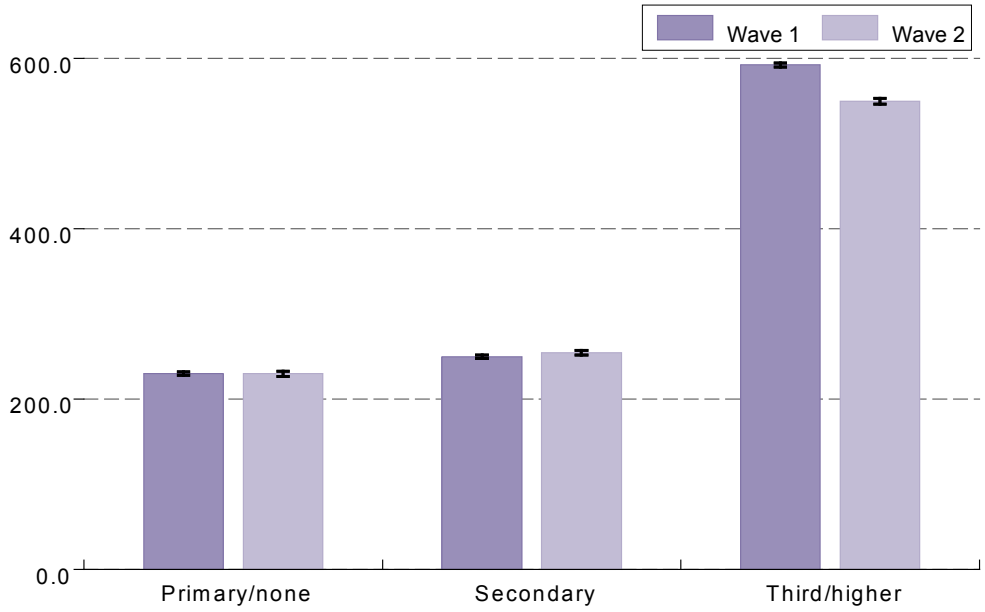
Figure 2.6: Median value of weekly gross income by age (in €)



Note. N = 5823; Missing obs = 0; Error bars correspond to 95% confidence intervals

Median incomes fell from €593 per week in wave 1 to €550 per week in wave 2 for those with third level education or higher (see Figure 2.7). However graduates still have median incomes that are over twice the size of those whose highest level of education is primary education (€230 in wave 2).

Figure 2.7: Median value of weekly gross income by highest educational attainment (in €)



Note. N = 5822; Missing obs = 1; Error bars correspond to 95% confidence intervals

In Figure 2.8 the entire gross weekly income distribution for both waves of TILDA is presented. The distributions nearly completely overlap. The mass of distribution around the €200-€300 per week category represent those on fixed social insurance/allowance income. For both waves of TILDA around 12% of individuals have gross incomes of over €1,000 per week.

In the last three rows of Table 2.4 the levels of income from the three different sources, conditional on having any income from that source, are shown. The data illustrate that the levels of income from the different sources have remained more or less the same between waves, with the exception of income from social insurance/allowances which increased significantly from €219 per week in wave 1 to €225 per week in wave 2. The most striking finding is that there has been switching away from some sources and towards other sources of income. In Table 2.5 one can see how the percentage of those in receipt of different sources of income has changed between waves. The percentage of those in receipt of labour income has fallen from about 35% in wave 1 to about 29% in wave 2. There have been corresponding increases of about four percentage points in the percentage of those receiving pension (private or occupational) income or social insurance/allowance income[1]. In each wave about 11% of participants state that they do not have their own source of income from labour, pensions, social insurance or social

1. The overwhelming majority of those receiving non-state pensions do so from occupational schemes rather than from private pensions.

allowances.

Figure 2.8: The distribution of weekly gross income

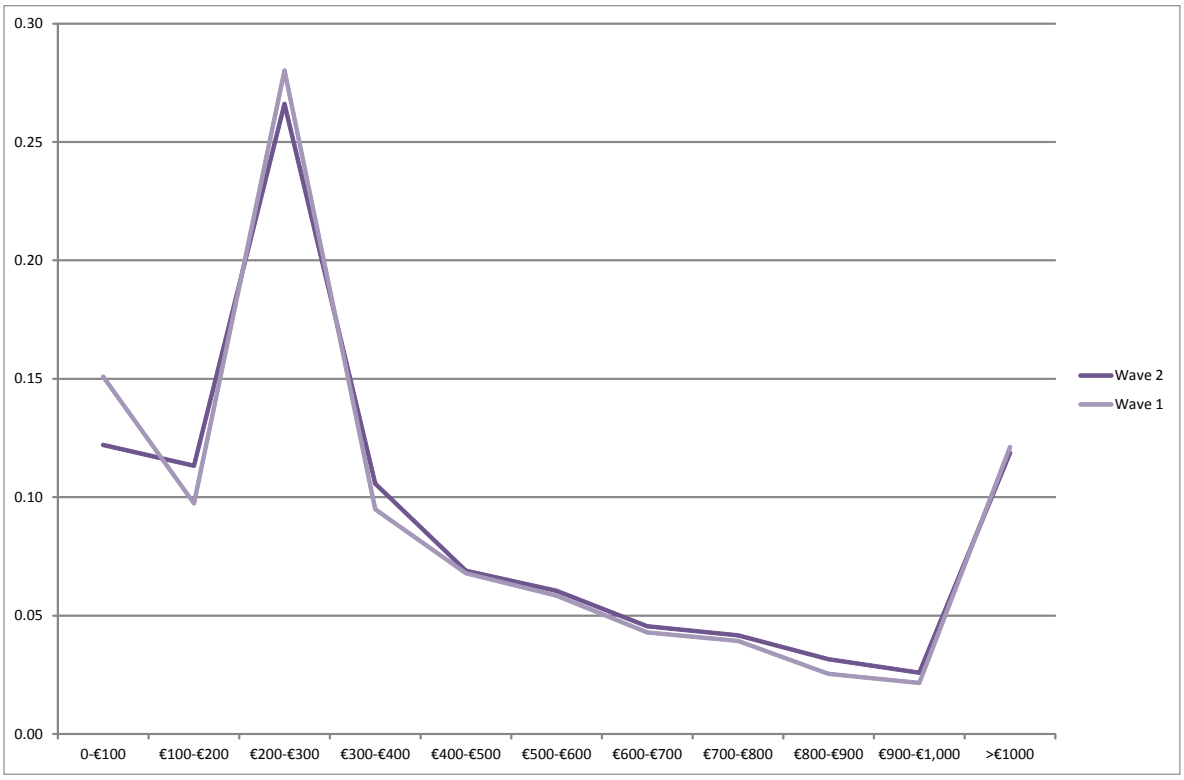


Table 2.5: Proportion in receipt of different sources of income

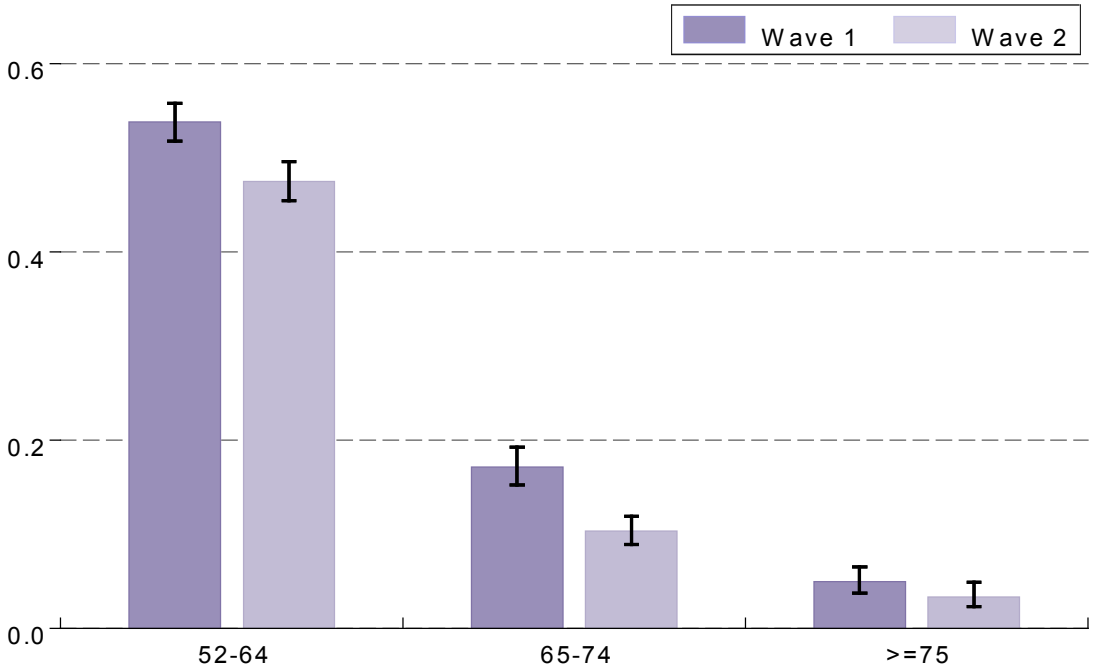
	wave 1		wave 2	
	%	(95% CI)	%	(95% CI)
Any Income	88.2	(87.2, 89.1)	89.3	(88.4, 90.1)
Any Pension Income	16.3	(15.1, 17.5)	20.5	(19.3, 21.8)
Any Social Insurance/Allowance Income	58.7	(57.1, 60.3)	63.8	(62.3, 65.4)
Any Labour Income	34.8	(33.3, 36.3)	29.3	(27.9, 30.7)

***all observations **non-zero observations**

In relation to the fall in those receiving any labour income in Figure 2.9, it can be seen that there is a fall in the percentage receiving labour income amongst those aged 65-74 (from about 17% in wave 1 to just above 10% in wave 2). This is a reflection of those who reached the state pension age (SPA) between waves. However there is also a fall in the percentage earning labour income amongst those aged 52-64 from about 55% in wave 1

to about 48% in wave 2. Only about 5% of those aged 75 and over in both waves have any labour income.

Figure 2.9: Proportion with labour income in wave 2 by age

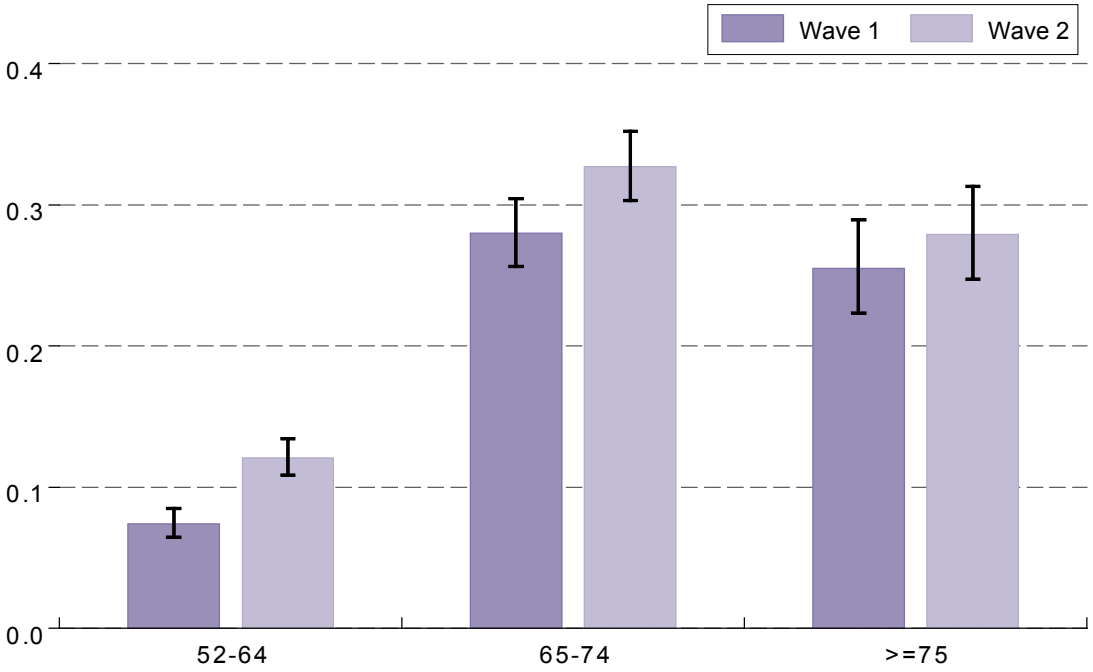


Note. N = 5823; Missing obs = 0; Error bars correspond to 95% confidence intervals

From Figure 2.10 it is evident that most of the increase in those with income from occupational or private pensions can be attributed to those in the 65-74 age group (where the proportion in that age group with occupational or private pension income increased from about 28% in wave 1 to about 34% in wave 2). The percentage aged 75 and over who receive pension income rose from just under 25% in wave 1 to just over 28% in wave 2 but this rise was not statistically significant. There was also an increase from 8% to about 13% in the percentage of the youngest age group (aged 52-64 years) receiving pension income between wave 1 and wave 2.

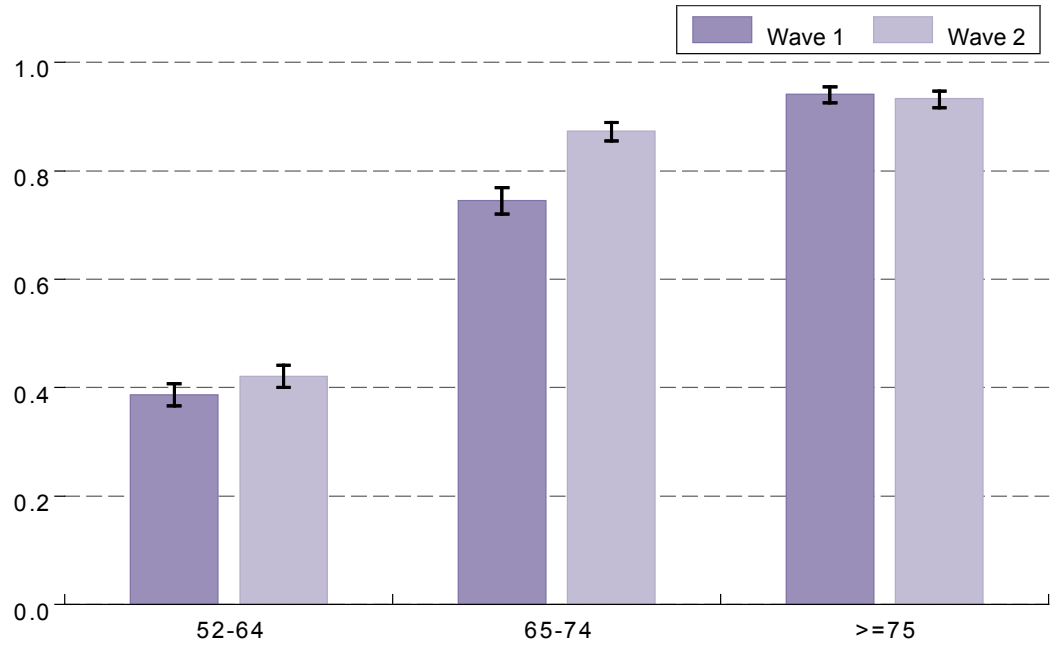
It can be seen from Figure 2.11 that nearly all of the increase in social insurance/allowance as a source of income can be attributed to participants aged between 65 and 74 years. The percentage of this age group in receipt of social insurance/allowance income rose from about 74% in wave 1 to about 87% in wave 2. The percentage of those aged 75 and older in receipt of social insurance/allowance income remained constant at about 91% between waves. The percentage of those aged 64 and younger receiving social insurance/ allowance income rose marginally from 38% in wave 1 to about 41% in wave 2, but this increase was not statistically significant.

Figure 2.10: Proportion with pension income by age



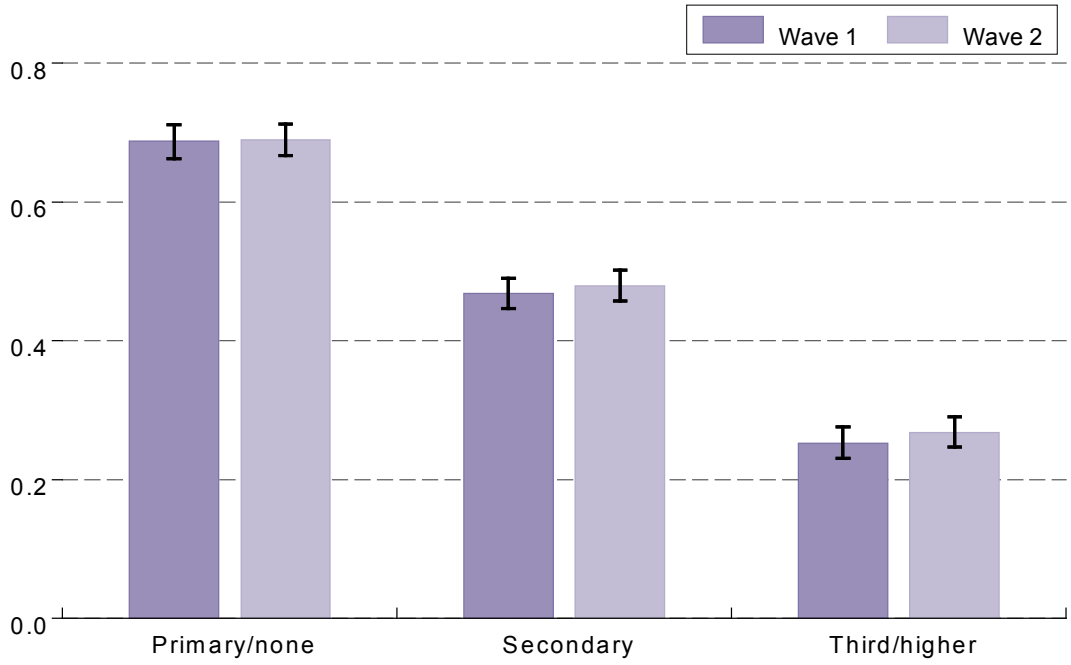
Note. N = 5823; Missing obs = 0; Error bars correspond to 95% confidence intervals

Figure 2.11: Proportion with social insurance/allowance income by age



Note. N = 5823; Missing obs = 0; Error bars correspond to 95% confidence intervals

Figure 2.12: Proportion with social insurance/allowance income as sole source or no income by highest educational attainment



Note. N = 5822; Missing obs = 1; Error bars correspond to 95% confidence intervals

About half of people in both waves are dependent on social insurance/allowance for their income or have no source of income of their own. Figure 2.12 shows that about two thirds of those with primary education as their highest level of education have no source of income or depend on social insurance/allowance as their only source, but this applies to only around a quarter of those with third level education or higher degrees.

Finally, Table 2.6 shows the share of total gross income accounted by the different sources. The percentage of total income from occupational or private pensions has increased by about three percentage points to just over 13% of total income. The proportion of total gross weekly income accounted for by social insurance/allowance income has risen from 55% in wave 1 to just under 59% in wave 2. Conversely labour income as a source of total income has fallen by about 6-7 percentage points to just over 28% of total income in wave 2. These changes in the sources of income are all statistically significant. This reinforces the move away from labour as a source of income towards pension and social insurance/allowance income sources that was shown in previous tables and figures.

Table 2.6: Proportion of total weekly gross income from different sources

	wave 1		wave 2	
	%	(95% CI)	%	(95% CI)
Pension Income	10.2	(9.3, 11)	13.1	(12.1, 14)
Social Insurance/Allowance Income	55	(53.4, 56.7)	58.6	(57, 60.2)
Labour Income	34.8	(33.2, 36.4)	28.3	(26.8, 29.8)
Total	100.0		100.0	

2.3 Employment and retirement

As people age, many people consider or experience a change in labour market status. The impact of labour market status on the lives of older people is important both at an individual and societal level. A detailed overview of the labour force participation of participants was provided in the summary report based on data collected in the first wave of the study (3). This overview is built upon in this section by examining changes in labour market status between waves. In particular, transitions from employment to retirement are examined as are the characteristics of these new retirees both above and below the state pension age (SPA).The sample employed refers to participants who participated in both waves of the study and who provided information on labour force status at each wave (n=7,285).

2.3.1 Principal labour market status

In each wave, participants are asked to report the status that best describes their current labour market situation from the following options: retired; employed; self-employed; unemployed; permanently sick or disabled; looking after home or family; in education or training; and other. It should be noted that these are self-reports and that participants are asked to choose the response that ‘best’ describes their current situation. Participants can only select one status. For example, a participant that is both retired and looking after their home or family chooses which of these categories best describes their current situation.

For ease of exposition, employed and self-employed participants are grouped together. Those in education or training are grouped with those classified as ’other‘ due to the small number of participants in this category. The distribution of labour market status is examined with respect to age and education. Overall a lower proportion of women are employed compared to men. Unsurprisingly, the proportion of both men and women above the current SPA of 65 years in employment is lower than those aged below the SPA. For

example, in wave 2, approximately 61% of men aged under 65 are employed compared to 13% of men over 65 (see Table 2.7).

Table 2.7: Labour market status at wave 2 by age and sex

	Retired		Employed		Unemployed		Sick/ Disabled		Looking after home/family		Other		Total	Number in sample
	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)		
Female														
Under 65	13	(11-14)	47	(44-49)	4	(3-5)	6	(5-7)	29	(26-31)	2	(1-2)	100	2255
65 and over	56	(53-58)	6	(5-7)	0	(0-1)	4	(3-5)	33	(30-36)	1	(1-2)	100	1799
Total	34	(32-36)	27	(25-28)	2	(2-3)	5	(4-6)	31	(29-33)	1	(1-2)	100	4054
Male														
Under 65	15	(14-17)	61	(58-63)	14	(12-16)	8	(7-10)	1	(0-1)	2	(1-2)	100	1638
65 and over	84	(81-85)	13	(12-15)	1	(0-1)	1	(1-2)	0	(0-1)	1	(0-1)	100	1593
Total	46	(44-48)	39	(37-41)	8	(7-9)	5	(4-6)	1	(0-1)	1	(1-2)	100	3231
Total														
Under 65	14	(13-15)	54	(52-56)	9	(8-10)	7	(6-8)	15	(13-16)	2	(1-2)	100	3893
65 and over	68	(66-70)	9	(8-10)	0	(0-1)	3	(2-3)	18	(17-20)	1	(1-1)	100	3392
Total	40	(38-41)	33	(31-34)	5	(4-6)	5	(4-6)	16	(15-17)	1	(1-2)	100	7285

2.3.2 Changes in labour market status

As participants were asked about their labour market status in both waves, transitions between labour market states can be examined. Table 2.8 shows the labour market status of participants in wave 2 by their labour market status in wave 1. As the time between waves was relatively short most participants have not changed labour market status, particularly those who were employed or retired at wave 1. Disaggregating the patterns in Table 2.8 by sex is not appropriate as the numbers for some transitions are very small.

Overall, 13% of those who were employed at wave 1 had retired by wave 2, while 79% remain in employment in wave 2. Of those who were retired in wave 1, 83% remain retired in wave 2, 3% are back in employment, 1% report that they are unemployed at wave 2, 3% are sick or disabled and 9% are now looking after home or family.

Changes in labour market status are more common for those that were not employed or retired at wave 1. For example, of those who were permanently sick or disabled in wave 1,

although 47% remain sick or disabled at wave 2, 24% retired, 4% are in employment, 6% are unemployed and 17% look after their home or family. Of those who were unemployed in wave 1, 49% remain unemployed at wave 2, 14% now classify themselves as retired, 19% regained employment, 7% are now permanently sick or disabled and 8% report that looking after their home or family is their principal labour market status.

One of the more interesting labour market transitions is that from employment to retirement. As noted, 13% of those who were employed at wave 1 moved into retirement by wave 2. Of these 354 people who retired, over half were over the SPA (approximately 53%). A higher proportion of those with higher levels of education retired before the SPA than in the groups with lower levels of education (see Figure 2.13). As the employed were more likely to have higher levels of education it is not surprising that high education is a characteristic of these early retirees.

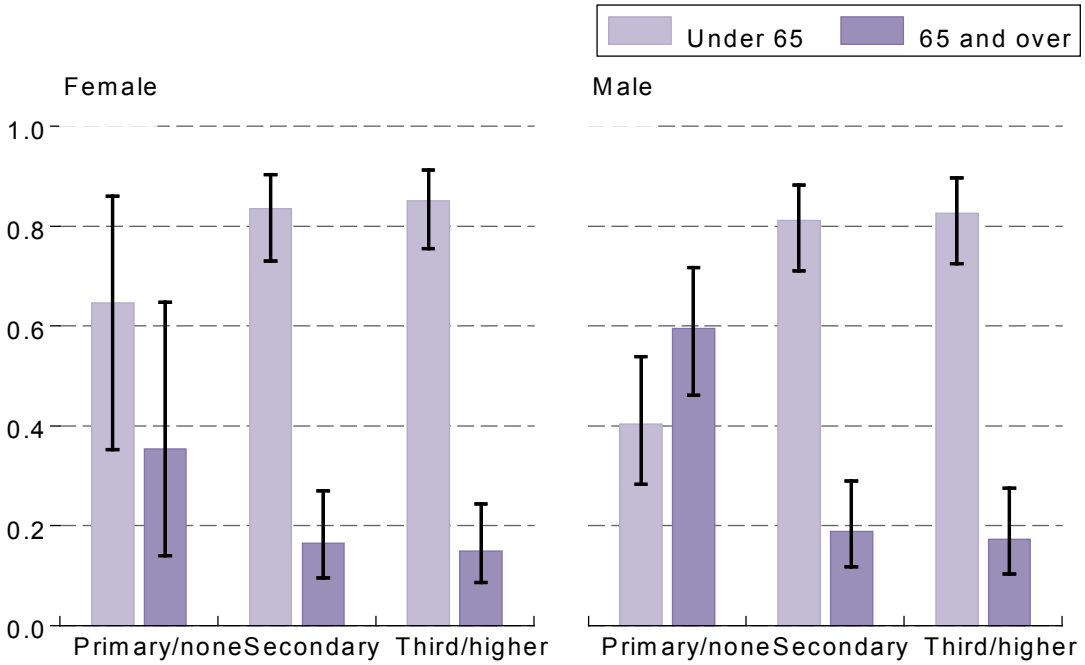
Participants were also asked their main reason for retiring. Pension eligibility was the main reason for retirement for most participants. For 21% of those with either primary or no education, ill-health was their main reason for retirement, in comparison with just 4% of those with a third level or higher education. 'To enjoy life' was the main reason for retirement for 12% and 11% of those with primary and secondary education respectively. For 23% of those with tertiary education, 'to enjoy life' was the main reason for retirement (see Table 2.9).

Table 2.8: Changes in labour market status between wave 1 and wave 2

	Retired (W2)		Employed (W2)		Unemployed (W2)		Sick/Disabled (W2)		Looking after home/ family (W2)		Other (W2)		Total	Number in sample
	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)		
Retired (W1)	83	(82-85)	3	(2-4)	1	(0-1)	3	(2-4)	9	(8-11)	1	(1-1)	100	2555
Employed (W1)	13	(12-14)	79	(77-80)	3	(3-4)	1	(1-2)	2	(2-3)	1	(1-2)	100	2774
Unemployed (W1)	14	(11-18)	19	(15-24)	49	(44-55)	7	(5-10)	8	(6-12)	3	(2-6)	100	355
Sick/Disabled (W1)	24	(20-29)	4	(2-7)	6	(4-9)	47	(42-53)	17	(13-22)	2	(1-4)	100	328
Looking after home/ family (W1)	22	(19-26)	7	(5-9)	2	(1-3)	3	(2-4)	65	(62-68)	1	(1-2)	100	1130
Other (W1)	28	(21-37)	23	(16-31)	8	(4-14)	9	(5-17)	22	(15-31)	10	(6-16)	100	141
Total	40	(38-41)	33	(31-34)	5	(4-6)	5	(4-6)	16	(15-17)	1	(1-2)	100	7283

Note. CI = confidence interval; Missing observations = 14.05%

Figure 2.13: New retirees by age and highest educational attainment



Note. N = 354; Missing obs = 0; Error bars correspond to 95% confidence intervals

While these results may suggest a divide between wanting to retire and needing to retire among those with different education levels, the differences between education groups in the proportion reporting 'to enjoy life' as their main reason for retirement are not statistically significant.

Table 2.9: Main reason for retirement

	Eligible for SPA		Eligible for occupational pension		Ill health		To enjoy life		Other		Total	Number in sample
	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)	%	(95% CI)		
Primary/none	33	(25-42)	2	(1-7)	21	(14-30)	12	(7-20)	31	(23-40)	100	122
Secondary	37	(29-47)	12	(7-19)	10	(6-17)	11	(6-18)	30	(23-39)	100	115
Third/higher	23	(13-36)	19	(11-33)	4	(1-12)	23	(13-36)	31	(21-44)	100	60
Total	34	(28-39)	8	(5-12)	15	(11-20)	13	(9-17)	31	(25-37)	100	297

2.4 Migration and labour market outcomes of TILDA participants' adult children

It is well known that the Irish economy has changed significantly in the last decade; after sustaining a strong economic growth, Ireland has been hit by a severe recession. Coupled with drastic changes in the economy, migration patterns to and from Ireland have changed substantially (see also Chapter 1). Ireland has shifted, once again, from a country with positive net migration to a country with negative net migration. For example, the Central Statistics Office (CSO) estimates that in 2007 the number of immigrants exceeded the number of emigrants by around 105,000 (4). By 2012, the pattern had reversed with an estimated negative net migration of around 34,400. The majority of individuals who left Ireland in 2012 were younger adults aged between 15 and 44 (4).

The adult children of TILDA participants are among those who have recently left the country or have recently returned to Ireland. In both the first and second wave of TILDA, information on children is collected through an extensive battery of questions on the number and characteristics of participants' children. As a result of this, TILDA data can be used in a novel way to investigate children's characteristics and to examine whether, and the extent to which, children's conditions have changed between the two waves. Perhaps more importantly, by collecting data on both children and parents, TILDA data can be used to investigate how changes in children's outcomes affect parents' outcomes.

In this section, children's internal and international migration patterns between wave 1 and wave 2 are first investigated. Next, the relationship between children's migration patterns and labour market outcomes is examined. This section differs from the rest of this chapter and from the rest of this report because it focuses on younger Irish adults and not on the older Irish population.

2.4.1 Adult children of TILDA participants: what do we know?

TILDA participants are asked a number of questions about their children. The same questions are asked at wave 1 and wave 2. For each living child, the following information is collected: age, marital status, place of residence, educational attainment and labour market status.

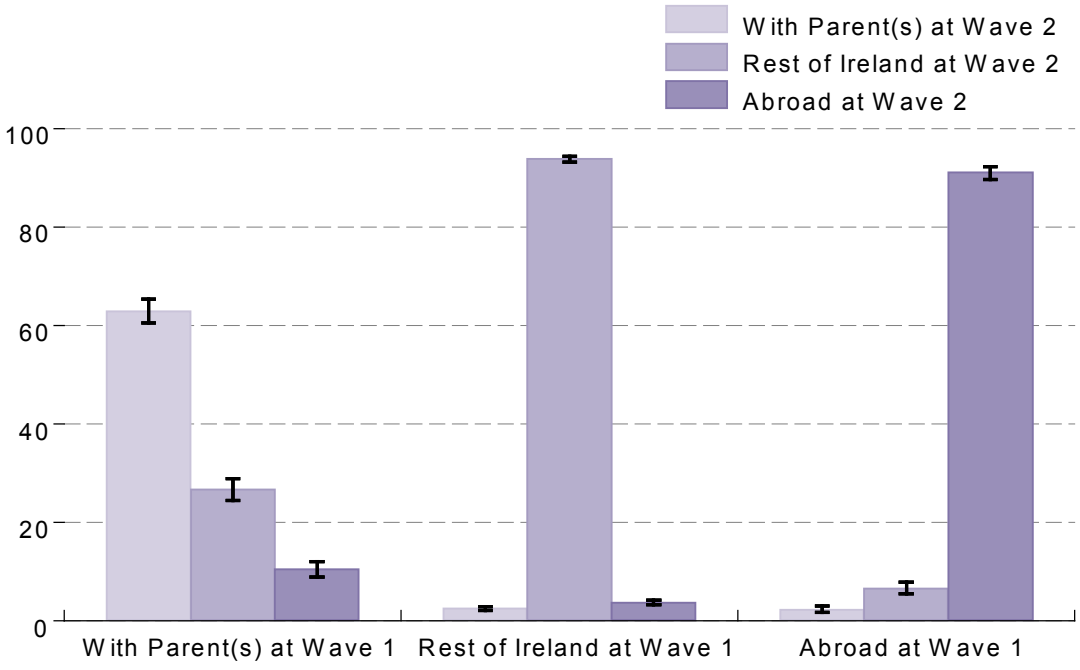
The analysis of this section is based on children for whom complete information on place of residence and labour market status is provided at wave 1 and wave 2. Children who have died between the two waves and children of new participants are excluded. The

analysis is restricted to adult children aged 21 to 44 years. This is done to ensure that the children on which the analysis is based are a relatively homogenous group. The analysis is based on 10,496 children.

2.4.2 Adult children's internal and international migration

Of the 10,496 children of TILDA participants on which the analysis is based, 14.4% were living with their parents at wave 1, 68.2% were living in Ireland but not with their parents and the remaining 17.4% were living abroad. Because information on children's place of residence is collected also at wave 2, children's internal and international migration between the two waves can be examined. One can see from Figure 2.14 that although most children have not moved between the two survey waves, a non-negligible proportion of children have migrated internally, emigrated or returned to Ireland. These findings are in line with the CSO figures discussed above.

Figure 2.14: Children's place of residence at wave 2 by children's place of residence at wave 1



Note. N = 10496; Missing obs = 0; Error bars correspond to 95% confidence intervals

Figure 2.14 shows that, of the children living with their parents at wave 1, 62.9% are still living with their parents at wave 2; 26.6% are living in the rest of Ireland and 10.4% have emigrated. Place of residence has not changed for the vast majority of children living in Ireland but not with their parents. However, 2.5% of these children have returned home to

live with their parents and 3.7% have emigrated. Combining these figures together, around 5% of children living in Ireland at wave 1 emigrated between the two survey waves. Finally, around 90% of those living abroad at wave 1 are still living abroad. Of the remaining 10%, 6.6% have returned to Ireland (but not to live with their parents) and 2.3% are now living with their parents.

2.4.3 Adult children's migration patterns and labour market outcomes

The relationship between children's migration patterns and labour market outcomes at wave 2 is now investigated.

Focusing first on migration patterns, children are assigned to four categories: 1) 'Ireland Stayers': living in Ireland at both waves; 2) 'Abroad Stayers': living abroad at both waves; 3) 'Emigrants': living in Ireland at wave 1 and abroad at wave 2; and 4) 'Return Migrants': living abroad at wave 1 and in Ireland at wave 2. Almost 8 in 10 children (78.7%) are 'Ireland Stayers'. Of the remaining children, 15.8% are 'Abroad Stayers', 4% are 'Emigrants'[2] and 1.5% are 'Return Migrants'.

Turning then to labour market outcomes at wave 2, children are assigned to three categories: 1) employed (full-time and part-time employed, self-employed and on maternity/paternity leave); unemployed; and inactive (in education, retired, permanently sick or disabled, looking after home or family or other). More than three quarters of children (77.7%) are employed, 10% are unemployed and 12.3% are inactive.

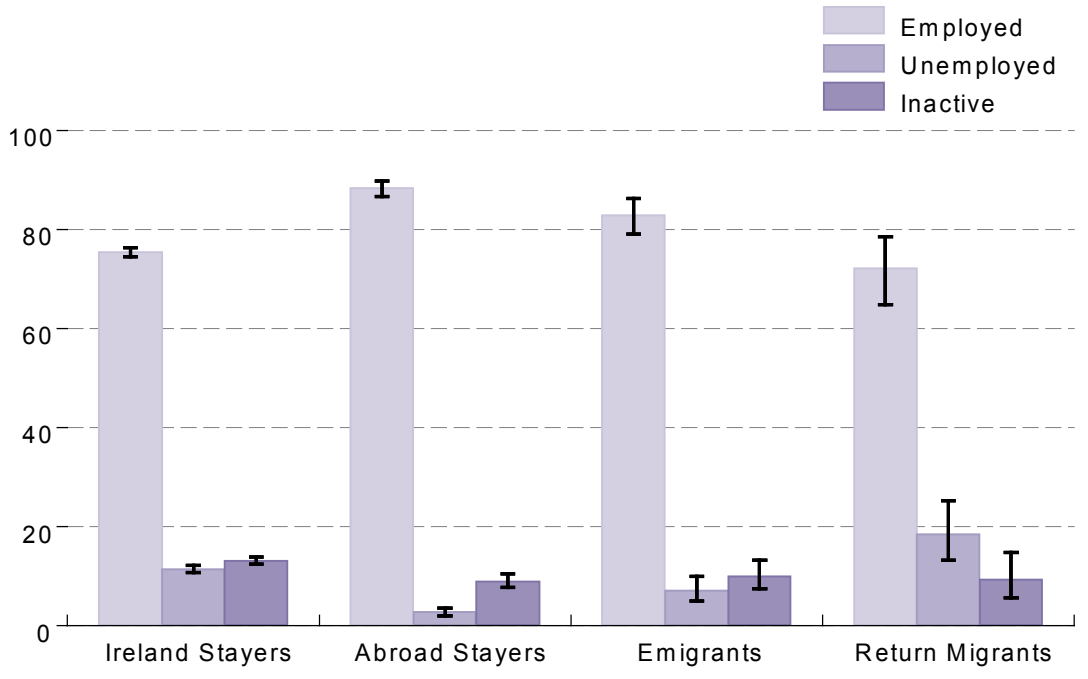
Figure 2.15 shows that there is a clear relationship between children's migration patterns and labour market outcomes. Figure 2.15 shows that economic wellbeing, expressed here in terms of favourable labour market outcomes, is greatest for children living abroad at both wave 1 and wave 2 ('Abroad Stayers'). A total of 88.3% of children belonging to this category are in employment and 2.7% are unemployed at wave 2. In contrast, around 72.2% of children who have returned to Ireland are in employment and 18.5% are unemployed at wave 2. A total of 82.9% of children who have emigrated are employed at wave 2. This compares to 75.4% of children who have stayed in Ireland. Around 7% of children who have emigrated are unemployed at wave 2. This compares to 11.4% of children who are still in Ireland.

2. As noted above, 5% of children who were living in Ireland at wave 1 had emigrated by wave 2. The different result here refers to the use of a different denominator, i.e., all children (living both in Ireland and abroad).

Figure 2.15 illustrated international migration and ignored internal migration: children living with parents or in the rest of Ireland at both waves were assigned to the same category, 'Ireland Stayers'. The relationship between children's internal migration and labour market outcomes is explored in Figure 2.16. For this purpose, children living in Ireland at both waves are assigned to four categories: 1) 'Home Stayers': living with parents at both waves; 2) 'Rest of Ireland Stayers': living in Ireland but not with parents at both waves; 3) 'Home Leavers': living with parents at wave 1 and in the rest of Ireland at wave 2; and 4) 'Home Returners': living in Ireland but not with parents at wave 1 and with parents at wave 2. Children living abroad at wave 1 and/or wave 2 are excluded from this analysis.

Figure 2.15 showed that unemployment is highest among those who have returned to Ireland after living abroad ('Return Migrants'). Figure 2.16 shows that, similarly, unemployment is highest among returners, defined here as children returning to live with their parents. Around 27% of children in this category are unemployed at wave 2. This is significantly above the rates of 9.6% for 'Rest of Ireland Stayers' and 12.4% for 'Home Leavers'. Similarly, employment is lowest among children who are still at home or have returned home (60.7% and 62.9%, respectively) and highest among those who are still living in the rest of Ireland or who have left home (77.6% and 80.2%, respectively).

Figure 2.15: Children's labour market status at wave 2 by children's migration status



Note. N = 10496; Missing obs = 0; Error bars correspond to 95% confidence intervals

Figure 2.16: Children's labour market status at wave 2 by children's internal migration status

Note. N = 8252; Missing obs = 2244; Error bars correspond to 95% confidence intervals

2.5 Conclusion

In this chapter the economic circumstances of older people and their children were examined from a number of perspectives. Firstly, changes in income and wealth were examined. Despite a shift away from labour income sources towards retirement income sources, the gross income levels of the TILDA participants remained relatively unchanged since the last wave of data was collected. However, primarily as a result of falls in property values, the participants' wealth levels have fallen.

In terms of employment, overall labour market status has remained largely stable between waves for those who were employed or retired. However, 13% of those who were employed in wave 1 had retired by wave 2. According to participants, pension eligibility is their main reason for retirement. As the SPA increased to 66 years from January 2014, and is set to further increase over the next few years, it will be interesting to observe whether people remain in employment for longer as a result.

Turning to the participants' adult children, approximately 5% of adult children who were living in Ireland at wave 1 had emigrated by wave 2. A clear relationship between children's internal and international migration patterns and labour market outcomes was

found. Employment levels amongst the adult children of TILDA participants are highest among those who have emigrated or were already living abroad at wave 1. Unemployment among children at wave 2 is highest among those who have returned to Ireland from abroad, have returned to live with their parents or were already living with their parents at wave 1.

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