

Old-age support and child-to-parents income transfer in Indonesia : evidence from household survey

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Abstrak

Private transfer have important role in economic landscape. Unlike in developed countries, many people in developing countries must depend on financial transfer from their children as main of old-age support. Therefore, transfer from children replaces the function of social security institution that insure elderly to enjoy smoothing consumption over his or her remain lifetime. Therefore, parents finance human capital investment to their children and, in return, children repay their loan by providing support (in form monetary transfer) for their parents. This article aimsto examine the role of level education of children, intensity of contact and geographic proximity on intergenerational transfer, especially income transfer from children, using data from Indonesian Family Life Survey (IFLS). By controlling for any characteristics of children (i.e., age, gender and marital status) and characteristics of parent (activity, parent's education and health status), the results show that education of children has significant and systematic effect on child-to-parent income transfer, i.e: the higher education level, the higher amount of transfer. Additionally, both money transfer and commodity base transfer have significant relationship with parent's regularly activity. To some extent, these findings are consistent with idea that children area the important source of old-age support security, especially in developing countries.