ABSTRACT

The research explains the impact of intergenerational financial transfers on elderly labor supply in Indonesia. The research uses secondary data from the 2014 Indonesian Family Life Survey (IFLS) wave 5 issued by RAND. The research uses cross-sectional data and Two-Stage Least Square (2SLS). Researchers overcome endogeneity problems in the financial transfer variable with the Instrument Variable (IV), namely coresidency, or living together. In this research, elderly labor supply is proxied by elderly working hours in a week. The results show that financial transfers affect working hours in a week for all samples negatively, but not significant. For elderly men, financial transfers affect work hours in a week positively and significantly at a level of 10 percent; otherwise, elderly women have a negative effect, but not significantly. Overall, intergenerational financial transfers have no impact on the elderly labor supply. Intergenerational transfers provided by children or family cannot replace the income of the elderly, so they keep working even though they are old.

Keywords: *elderly labor supply, intergenerational financial transfer, Two-Stage Least Square (2SLS), Instrument Variable (IV)*