

ABSTRACT

The demographic shift towards an aging population, combined with limited public resources to meet the needs of the elderly, has intensified concerns about sustaining the well-being of the elderly population. A thorough understanding of intergenerational transfers is vital for identifying the incentives that drive family support. This study seeks to develop a model of intergenerational inter-vivos transfers in Indonesia. The research is expected to contribute to the body of literature on intergenerational transfers in Indonesia, where family solidarity remains strong but has adapted to the realities of geographic mobility, modern household structures, and kinship systems that shape intergenerational transfer patterns.

This study utilizes data from Wave 5 of the Indonesian Family Longitudinal Survey (IFLS-5), comprising 2,240 selected samples of adult-child and elderly-parent pairs (dyads). Probit regression and Ordinary Least Squares analysis techniques are utilized to assess the probability and amount of intergenerational transfers and to analyze the interplay between public and private transfers. Furthermore, this study investigates the interdependence among three types of intergenerational transfers: financial, time, and space transfers/co-residence.

The findings reveal that intergenerational transfers cannot be explained by a single motive. Financial transfers from elderly parents to adult children are motivated by an exchange motive, whereas financial transfers from children to elderly parents are guided by filial obligation norms rather than altruistic or exchange motives. Altruism is identified as the driving force behind time transfers from parents to children, while time transfers from children to parents are motivated by exchange. Space transfers are confirmed to be need-based. The analysis of public and private transfers indicates a crowding-in effect for public social assistance transfers, while a crowding-out effect is observed for public pension transfers. A strong complementary relationship is evident between co-residence (space transfer) and time transfers in relation to financial transfers from children to parents, although no interdependence is detected between co-residence and time transfers.

The patterns and directions of intergenerational transfers are significantly influenced by factors such as residential distance, education, age, gender, health status, family structure, living arrangement, kinship system, marital status, children's employment status, and residential location. The findings of this study support the hypotheses of old age security, parental repayment, and resource dilution, offering critical implications for elderly social protection policies in Indonesia.

Keywords: altruism, exchange, filial norm, inter-vivos, upstream transfer, downstream transfer, crowding out,