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Project title: Money in post-divorce families: Resource pooling and transfers to children

Keywords: divorce, repartnering, stepfamilies, resource pooling, (intergenerational) financial transfers, socioeconomic inequality

Project description:

Families play a crucial role in redistributing income and wealth. Married and cohabiting partners often pool their earnings, social benefits, savings and other assets. In addition, families distribute their income and wealth to their offspring, most notably through financial gifts to (adult) children. For instance, a total of 2.8 billion euros was donated in 2017 according to Dutch tax records (leaving aside gifts to buy a house), and in approximately 87 percent of the cases, it was a gift from parents to children. Sociodemographic developments may have significantly influenced how families redistribute their economic resources. Divorce and separation—from cohabitation—are at unprecedented high levels in contemporary societies, and an increasing number of children grow up in stepfamilies. Besides being more common, postdivorce families have also diversified over time. For instance, unmarried cohabitation has become popular among divorced people who repartner, joint physical custody has increased and related to that, stepmother families have become more common. In post-divorce families, pooling of economic resources by partners and financial transfers to children are less self-evident. Most financial ties between partners are broken upon divorce, and stepfamilies lack the strong norms surrounding first-time married family life about pooling resources and parental support to children. Also, as family members are spread across different households after divorce and new families may be formed, perceptions of who belongs to the family become diffused, and people have to balance obligations toward new and existing family members. This means that one's family situation, along with that of one's parents, may have become a pivotal determinant in how families redistribute their economic resources. Understanding how postdivorce families redistribute economic resources is important, first, because resource pooling has a significant impact on economic recovery and resilience after divorce. Pooling ensures that partners have equal access to the household's resources, thereby enhancing the spending power of the lower income partner, often the woman. Since women typically face financial declines after divorce, repartnering and the new partner's income can improve their economic situation and that of their children, but only if resources are pooled. Second, through financial transfers to children, families induce and perpetuate socioeconomic inequalities. Social class differences have been well-established in financial transfers to children, with wealthy parents donating more to their children. Divorce and the increased diversity among postdivorce families may well be new drivers of socioeconomic inequality, given the complexity of financial transfers to children in these families. Surprisingly little is known about how economic resources are redistributed in postdivorce families within the current landscape of growing family diversity. The proposed research aims to: Gain insight in pooling of economic resources by partners and financial transfers to children in contemporary postdivorce families.

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