

Macro Roundup Article

Headline: [Boomerang Children and Parental Retirement Outcomes](#)

Article Link: <https://www.nber.org/papers/w30863>

Author(s)	Grant Seiter, Mary Lopez and Sita Slavov
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Tweet: A new @NBERpubs study finds that in 2020 ~ 1/3 of children between the ages of 18-34 lived with their parents, but found no clear evidence that this impacts parents' current or future labor market choices, or their wealth, health, or life satisfaction.

Summary: The share of U.S. adult children living with their parents has increased since the 1960s. Figure 1 shows that in 2020, approximately one-third of children between ages 18 and 34 lived with their parents, with men and 18-24 year-olds, respectively, more likely to co-reside than women and 25-34 year-olds. We examine the relationship between adult children returning home and parental retirement outcomes using data from the Health and Retirement Study (HRS), a nationally representative panel of individuals over the age of 50 and their spouses; the HRS also tracks children of respondents. Our child-level analysis suggests that a boomerang event is likely associated with negative shocks to a child's marriage, income, and employment. The event study analysis suggests that many of these shocks are temporary, and correspondingly most boomerang events are transitory. At the parent level, we find no clear, statistically significant association between boomerang children and parental health, wealth, probability of working, hours worked, or well-being. However, we do find an increase in the self-reported probability of working full-time after age 65. That increase is concentrated among men, those under the age of 62, and those in the top half of the initial wealth distribution. Overall, our results provide evidence that parents may delay their anticipated retirement when children return home.

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