

# Moving Home: Non-Market Insurance and Labour Market Risk

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## **Abstract**

In 2023, more than half of renter households spent above 30% of their gross income on housing costs. This type of non-discretionary spending exacerbates consumption losses while unemployed. I use data from the Health and Retirement Study to show that workers use the option to move home as an insurance channel against labour market risk, and this channel is operative into middle age (up to age 40). To quantify this insurance mechanism, I estimate a structural lifecycle model of individuals who can insure against unemployment risk via saving or moving home. Agents exist in a directed search environment where they trade off future job market outcomes against job finding rates. I find that for the average worker the option to move home is equivalent in welfare terms to a tripling of the unemployment insurance benefit.

# 1 Introduction

Households of more than one adult generation have become common in the United States: in 2021, 18% of households had parents and adult children coresiding<sup>1</sup>. One potential cause of this relationship is high housing costs: in 2023, more than half of renter households paid more than 30% of their gross income on housing<sup>2</sup>. An expensive housing market restricts disposable income and creates an environment where negative income shocks, such as unemployment, are more punishing for consumers. If an unemployed worker can avoid the cost of housing via a coresidence arrangement with parents, the welfare costs of unemployment fall and the choice to move home constitutes an insurance mechanism against labour market risk.

This paper documents a novel empirical trend in the share of adults entering coresidence with their parents and uses a quantitative model to estimate the welfare gain of the option to move home in the context of existing unemployment insurance. I find workers are approximately twice as likely to move home when they are moving from employment to unemployment relative to remaining employed. This trend is robust to both parent and child characteristics, and is observed into middle age for the children. Motivated by this finding, I estimate a structural model of job search and family coresidence to identify changes in search behaviour and welfare implications of the option to move home. Consumers with the option to coreside search in submarkets that provide higher wages at the cost of greater unemployment risk. For an ex ante consumer the move home option is equivalent to tripling the generosity of the unemployment benefit.

Existing work from Kaplan (2012)<sup>3</sup> uses the National Longitudinal Survey of Youth (1997) to identify this insurance channel among young men. A major challenge in extending this understanding to older workers is disentangling the motives for young people moving home. Shared housing acts as an in-kind transfer from parents to their adult children by reducing housing costs and diminishing the impact of negative income shocks. However, coresidence can also represent an in-kind transfer from children to their parents if they provide household labour and especially eldercare that the parent would otherwise need to purchase on the market. The degree to which parental needs are a large concern and a confounding factor for identifying

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<sup>1</sup>“Financial Issues Top the List of Reasons U.S. Adults Live in Multigenerational Homes.” Pew Research. Washington, D.C. (March 24, 2022). <https://www.pewresearch.org/social-trends/2022/03/24/financial-issues-top-the-list-of-reasons-u-s-adults-live-in-multigenerational-homes/>

<sup>2</sup>U.S. Census Bureau, “Nearly Half of Renter Households Are Cost-Burdened, Proportions Differ by Race,” CB24-150, September 12, 2024, <https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html>, accessed on November 23, 2025.

<sup>3</sup>Kaplan, G. (2012). Moving Back Home: Insurance Against Labor Market Risk. *Journal of Political Economy*, 120(3), 446-512.

the labour market insurance mechanism is increasing in the ages of parents and children. Applying this insurance channel to a sample of workers into middle age requires controlling for the characteristics of aging parents.

I leverage the Health and Retirement Study, a panel dataset of Americans over 50. The focus of the HRS is health and aging, making it an imperfect tool for analysis based around earnings risk and unemployment. However, the HRS has several key features that are essential for addressing the question of shared housing as labour market risk. First, it explicitly links parents and adult children, including when those children live away from their parents. Many datasets, administrative and otherwise, link parent and child record while they share a dwelling, but those links weaken or break as children move out. Second, it maintains these linkages over a period of approximately 20 years with a consistent set of observables. A comparable dataset with parent-child linkages is the NLSY97, which tracks parents and children beginning in 1997 to the present. While these two products cover similar timeframes, many of the linked variables such as coresidence are gradually dropped from the NLSY97 as the sample cohort ages. This makes the NLSY97 an obvious candidate for evaluating the coresidence flows and labour market outcomes among young adults, but rapidly loses its effectiveness as our population of interest increases in age.

Third and crucially, the HRS reports increasingly important parent characteristics as they age including current diagnoses, health history, limitations to work and to living independently. Further, it reports on characteristics of the child-side of this relationship via the child's assistance with various eldercare needs and stated intentions to help in the future as their parents continue to age. More traditional support in the form of direct financial support is also present in both directions – from parents to children and vice versa. Information on each child's physical proximity to their parent is also reported. With all of these characteristics combined, I can robustly estimate the effect of a child's Employed-to-Unemployed transition on the likelihood of them moving home with a parent.

I use these observations to estimate a quantitative model of piece-rate job search and coresidence. In this environment, consumers save and search for work when unemployed and can choose to live at home until age 40 regardless of employment state. The tradeoff to living at home with a parent is avoiding the cost of housing, which is particularly punishing during unemployment spells, at the cost of some forgone independence utility. When consumers have the option to move home, I find they select into submarkets with higher wages but a greater risk of unemployment. This is indicative of the labour market insurance

mechanism influencing search behaviour as well as job market outcomes. Further, I evaluate the welfare implications of the move home option and find that for an ex ante consumer the opportunity to move home with a parent is worth approximately three times the unemployment benefit.

This paper extends our existing understanding of shared housing as insurance in two main ways: first, I use new data from the Health and Retirement Study to show that this labour market insurance channel is operative for workers into middle age regardless of gender or education. Additionally, the insurance mechanism is robust to nonstandard parent characteristics such as health diagnoses, functional limitations to work, and eldercare duties provided by specific children. I then use my structural model to value the move home option in the context of existing unemployment insurance programs. The rest of this paper proceeds as follows: section 2 provides an overview of the Health and Retirement Study, identification of the labour market coresidence motive, and compares the main empirical result in the HRS to analogous trends in the NLSY97. Section 3 outlines the theoretical model of job search and non-market coresidence. Section 4 discusses the model estimation, validation, and results. Section 5 concludes.

## **2 Empirical Motivation**

A primary challenge to identifying this housing-based insurance mechanism is isolating motives for migration into coresidence. One can imagine many reasons for adult children and parents to coreside, and they are not limited to unemployment risk. From the perspective of the adult child, moving home can be the response to a divorce or separation, particularly when the outside option for housing is expensive. Considering aging parents, coresidence may arise as a response to growing complex health needs. To disentangle these factors from the labour market insurance motive I require data that reports these additional factors as well as links parents and children across a variety of ages.

### **2.1 Data**

The Health and Retirement Study (HRS) is a panel of longitudinal survey data centered around aging adults and their families. It is maintained by the University of Michigan and the National Institute on Aging. The study surveys approximately 20,000 households every two years beginning in 1998. One relative strength of the HRS is repeated linkages between parents and children, particularly as the children age alongside

their parents. Additionally, the survey reports a variety of non-standard parent characteristics such as health conditions, eldercare needs, and financial support to adult children. Using the health and eldercare information, I can isolate the motive among children to move home to be conditional on labour market outcomes exclusively. Identifying this insurance mechanism is the primary empirical contribution of this paper.

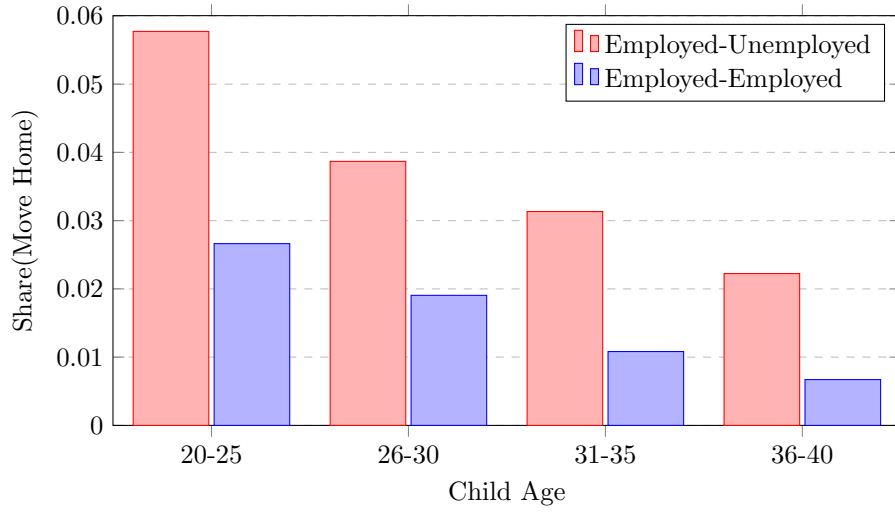
For convenience, I use the HRS Family File cleaned by the RAND Corporation which links the 20,000 parent households to 55,000 children up to 2018. This setting allows me to avoid the coresidence and employment impacts of the COVID-19 global pandemic. Additionally, I restrict the HRS sample to exclude post-secondary students as I assume they interact with the labour market and its risk distinctly from those seeking full-time employment. To further control health and eldercare motives for coresidence I restrict child ages from 20 to 40 years of age.

Because this analysis is based on flows around coresidence and employment, my key observable characteristics are constructed from two subsequent survey waves. For a worker to have moved home, it is not sufficient for them to live with a parent in any given wave. Workers must first live independently, then in a subsequent wave be living with one or both parents. Similarly, to observe job separations I use a cross-wave variable for workers moving from employment to unemployment as well as employment to employment. The data on employment states is noisy and infrequent, so I cannot say who among the Employed-Unemployed group were separated voluntarily (i.e. quits) versus involuntary (layoffs) or who among the Employed-Employed have stayed with a consistent employer and who have experienced a job separation between survey waves but were able to find employment again. Since these key observables depend on two waves for identification, I drop the first wave (1998) from the analysis.

Previous work on unemployment risk often leverages higher-frequency datasets such as the National Longitudinal Survey of Youth (1997 Cohort). HRS interviews are two years apart - however, adult children are questioned on their coresidence status well into middle-age. This contrasts with existing work from the NLSY97, where parental coresidence is reported until 2009 – when the oldest members of the cohort were 29. This longer series of coresidence information allows me identify that an insurance channel previously only examined for young men is present for all workers well into middle age.

## 2.2 Labour Market Coresidence Motive

The analysis in this paper is centered around the observation that a larger share of adult children move home when experiencing a transition from employment to unemployment relative to peers who are persistently employed. This observation, shown in Figure 1, is representative of non-market insurance against labour market risk via in-kind housing services. Existing work from Kaplan (2012) identifies this mechanism for non-college men aged 17 to 22. In this section, I expand this understanding to all workers up to age 40 while controlling for parent and child characteristics.



**Figure 1:** From ages 20 to 40, workers transitioning into unemployment move home relatively more than workers who remain employed

To identify the existence of this labour market insurance channel via non-market housing arrangements, I employ a probit regression of cross-wave employment flows on workers' move home choice. A worker is considered to have "moved home" if in one survey period they are living independently and in a subsequent period are living with a parent.

$$Pr(MoveHome) = \alpha_0 + \alpha Year + \beta X^c + \gamma X^p + \delta X^h + \eta X^e + \epsilon$$

Where  $\alpha$  is a vector of year fixed-effects.  $X^c$ ,  $X^p$ ,  $X^h$ ,  $X^e$  are vectors of characteristics for children, par-

ents, parent health, and parent eldercare needs with associated vectors of coefficients  $\beta, \gamma, \delta, \eta$ .<sup>4</sup> The primary covariates are employment flows: specifically for workers who are employed through two subsequent periods ("employed-employed") and those who separate from employment for any reason ("employed-unemployed"). Additional controls include child characteristics such as income, education, marital status, and financial transfers from parents as well parent characteristics including assets, home values, education, and health conditions.

**Table 1:** Average Marginal Effects on Pr(Move Home)

| Independent Variable               | AME                    | p-value |
|------------------------------------|------------------------|---------|
| <b>Child Income</b>                |                        |         |
| <10K                               | <i>Base</i>            |         |
| 10–35K                             | −0.01155               | 0.000   |
| 35–70K                             | −0.02003               | 0.000   |
| 70–100K                            | −0.02035               | 0.000   |
| 100K+                              | −0.02411               | 0.000   |
| <b>Child Age</b>                   |                        |         |
| 20–25                              | <i>Base</i>            |         |
| 26–30                              | −0.00629               | 0.001   |
| 31–35                              | −0.00837               | 0.000   |
| 36–40                              | −0.01244               | 0.000   |
| <b>Child Employment Transition</b> |                        |         |
| E–E                                | <i>Base</i>            |         |
| E–U                                | 0.01588                | 0.000   |
| U–E                                | 0.00353                | 0.040   |
| U–U                                | 0.00331                | 0.079   |
| Parent Assets                      | $-1.84 \times 10^{-9}$ | 0.021   |
| Parent Home Value                  | $3.86 \times 10^{-9}$  | 0.002   |
| <b>Parent Employment</b>           |                        |         |
| Not Working                        | <i>Base</i>            |         |
| Part-time Work                     | 0.00160                | 0.457   |
| Full-time Work                     | 0.00318                | 0.008   |

Workers experiencing an E-U transition are  $2.3\times$  more likely to move home with a parent relative to an identical worker with an E-E transition. The likelihood of an adult child moving home is decreasing in

<sup>4</sup>See appendix for a complete list of covariates and the full regression specification

their income and age, suggesting that workers in an E-U transition will self-insure via residual earnings from employment before they elect to move in with a parent.

### **2.3 Non-Labour Market Coresidence Motives**

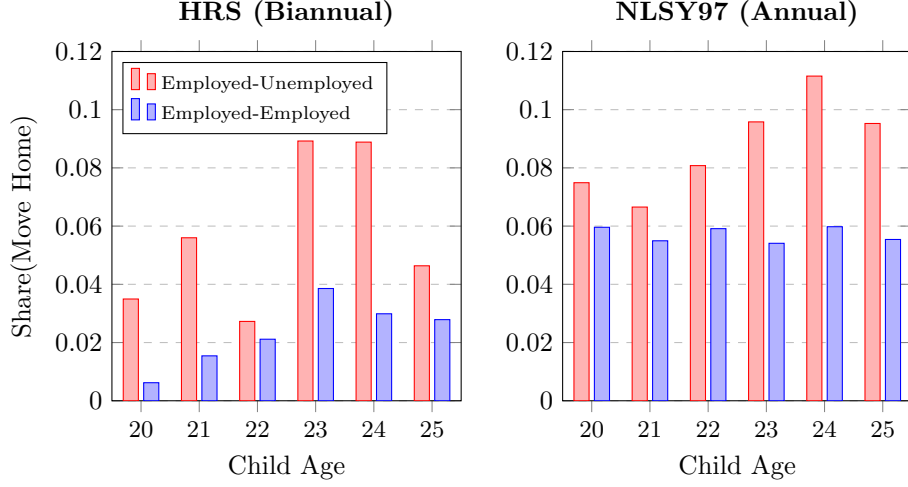
Extensive sub-sampling is done on the raw HRS Family File to identify (1) the direction of those who move home, and (2) rule out non-labour market motives for moving home. I will begin with the former: ensuring that when adult children enter into coresidence they are in fact moving back in with their parents instead of hosting them in their own homes. This is related to the latter issue, the confounding nature of eldercare responsibilities on move home flows.

The first adjustment I make is to create a categorical variable for the inferred direction of coresidence based on home ownership. I assume that if, in the survey period when coresidence begins, the child is a homeowner and the parent is not, then the child is hosting the parent. In other words, coresidence happens because the parent has some need, financial, medical, or otherwise instead of the child relying on parents as labour market insurance. In contrast, if the parent is a homeowner and the child is not, I assume the child is moving home in the sense they are returning to living with their parents after some period of independence. This scheme results in approximately two thirds of observations where a child enters coresidence having an identifiable direction; those left unidentified are excluded from the sample.

### **2.4 Robustness: HRS versus NLSY97**

As an exercise to ensure the HRS conforms with previously reported results by Kaplan (2012) I will plot the share of E-U and E-E children who move home for a set of ages where the two datasets align. The NLSY97 uses an annual sample of children and the HRS employs a biannual sample of aging adults. While these samples vary significantly, the key empirical trend of this paper holds. The share of workers who move home is much larger among those who experience a job separation relative to those who remain employed in two survey waves. This is true for a variety of ages and holds when the NLSY97 is transformed into biannual frequency to ensure greater comparability with the HRS.





**Figure 2:** From ages 20-25, workers experiencing an E-U transition are more likely to move home than those in an E-E transition

### 3 Model

This paper leverages an overlapping generations lifecycle model of consumption, savings, and coresidence. The main non-standard feature is the option workers have to move home, dependent on age.

#### 3.1 Consumers

Consumers are the primary decision-makers in this model. As is typical in lifecycle models, they choose allocations for consumption ( $c$ ) and savings ( $a'$ ) at every age. During their working life and while not employed, they choose a submarket in which to search indexed by piece-rate ( $\phi$ ) and their individual-specific productivity ( $\epsilon$ ). If matched, they earn an after-tax piece-rate of output as their wage; if unmatched, they receive a government-financed unemployment benefit  $b$ .

All consumers in this environment are considered to be adult children in the context of multigenerational coresidence. This means that for each consumer there is some unmodelled agent, a parent, who is older than the child and provides non-market housing while they are able. When choosing where to live, consumers face a trade-off between independence utility ( $\chi$ ) and the cost of rental housing ( $\kappa_h$ ). If they live at home, they can avoid the cost of housing but forgo the utility benefits of living independently. This decision is subject to a Type-I extreme value taste shock ( $\xi^c, \xi^i$ ).

$$U(a, \epsilon, \phi, a', d_h) = \frac{c^{1-\sigma}}{1-\sigma} + d_h \chi$$

subject to

$$c + a' = (1 - \tau)\phi\epsilon + (1 + r)a' - d_h \kappa_h$$

when employed, and

$$c + a' = b + (1 + r)a' - d_h \kappa_h$$

when unemployed

### 3.2 Firms and Search

A representative firm chooses whether or not to post in each submarket at common cost  $\kappa_p$ , indexed by a required productivity for workers and a piece-rate of output that constitutes the wage. This decision is governed by the free-entry condition and zero-expected profits.

$$q(\theta(j, \epsilon, a))\Pi(j, \epsilon, \phi) - \kappa_p = 0$$

where the firm's output is:

$$\Pi(j, \epsilon, \phi) = (1 - \tau)(1 - \phi)\epsilon$$

and the job-filling rate is:

$$q(\theta(j, \epsilon, \phi)) = \frac{M(u, v)}{v} = \frac{u}{(u^\alpha + v^\alpha)^{1/\alpha}}$$

During working ages, consumers enter into each period either matched from a previous search process or unmatched and searching. At age 18, all consumers begin unmatched and find a job with probability  $f(j, \epsilon, \phi)$ . When a match is formed, it remains until at least the next period. Employed consumers face a job destruction shock ( $\delta$ ) at the same time as unmatched consumers search. This results in an environment

where a worker who loses their match must wait until the following period to search again.

The value of search for a consumer is:

$$V_s(j, a, \epsilon) = \max_{\phi} \{f(\theta(j, a, \epsilon))V_u(j, a, \epsilon) + [1 - f(\theta(j, \epsilon, \phi))]V_e(j, a, \epsilon, \phi)\}$$

where the submarket-specific job-finding rate for consumers is:

$$f(j, \epsilon, \phi) = \frac{M(u, v)}{u} = \frac{v}{(u^\alpha + v^\alpha)^{1/\alpha}}$$

The value of unemployment is:

$$V_u(j, a, \epsilon) = \max \mathbf{E}_{\xi^c, \xi^i} \{V_u^{cores}(j, a, \epsilon) + \xi^c, V_u^{indep}(j, a, \epsilon) + \xi^i\}$$

and the value of unemployment conditional on coresidence and living independently are:

$$\begin{aligned} V_u^{cores}(j, a, \epsilon) &= \max_{a' \geq 0} \left\{ \frac{[b + (1+r)a - a']^{1-\sigma}}{1-\sigma} + \beta V_s(j+1, a', \epsilon) \right\} \\ V_u^{indep}(j, a, \epsilon) &= \max_{a' \geq 0} \left\{ \frac{[b + (1+r)a - a' - \kappa_h]^{1-\sigma}}{1-\sigma} + \chi + \beta V_s(j+1, a', \epsilon) \right\} \end{aligned}$$

The value of employment is defined similarly:

$$V_e(j, a, \epsilon, \phi) = \max \mathbf{E}_{\xi^c, \xi^i} \{V_e^{cores}(j, a, \epsilon, \phi) + \xi^c, V_e^{indep}(j, a, \epsilon, \phi)\}$$

where:

$$\begin{aligned} V_e^{cores}(j, a, \epsilon, \phi) &= \max_{a' \geq 0} \left\{ \frac{[(1-\tau)\epsilon\phi + (1+r)a - a']^{1-\sigma}}{1-\sigma} \right. \\ &\quad \left. + \beta[(1-\delta)V_e(j+1, a', \epsilon, \phi) + \delta V_u(j+1, a', \epsilon)] \right\} \\ V_e^{indep}(j, a, \epsilon, \phi) &= \max_{a' \geq 0} \left\{ \frac{[(1-\tau)\epsilon\phi + (1+r)a - a' - \kappa_h]^{1-\sigma}}{1-\sigma} + \chi \right. \\ &\quad \left. + \beta[(1-\delta)V_e(j+1, a', \epsilon, \phi) + \delta V_u(j+1, a', \epsilon)] \right\} \end{aligned}$$

### 3.3 Government Budget Constraint, Unemployment Insurance, and Pensions

The government levies a proportional tax ( $\tau$ ) on wages to finance unemployment ( $b$ ) and retirement benefits ( $S$ ). The government budget constraint is:

$$\int \tau \epsilon \phi \, d\omega_e(j, a, \epsilon, \phi) = \int b \, d\omega_u(j, a, \epsilon) + \int S \, d\omega_r(j, a)$$

where  $\omega_e, \omega_u$ , and  $\omega_r$  are the stationary distributions of

### 3.4 Model Assumptions

In this model, the availability of non-market housing is conditional only on the age of the child and parent. Consumers always have the option to move home up to age 40; this corresponds to a parent's age of 70. Beyond this point in the lifecycle, parents face mortality risk and children can no longer move home. This restriction on coresidence by age is designed to limit motives for moving home to assisting the child with employment risk rather than to assist the parent with eldercare needs.

### 3.5 Equilibrium

There is an equilibrium in this model such that:

1. Consumers choose their optimal consumption, savings, housing, and piece-rates
2. Firms post in submarkets where there are expected profits
3. Government's choose a proportional income tax rate to balance its budget constraint

|          | Parameter            | Value | Source                |
|----------|----------------------|-------|-----------------------|
| $\alpha$ | Match Elasticity     | 1.27  | Den Haan et al (2000) |
| $\delta$ | Job Destruction Rate | 0.02  | E-U Share (HRS)       |
| $\sigma$ | Risk Aversion        | 2.00  |                       |
| $\beta$  | Discount Factor      | 0.96  |                       |
| $r$      | Interest Rate        | 0.04  |                       |

**Table 2:** Parameters Calibrated Externally to the Model

## 4 Results

### 4.1 Calibration

#### 4.1.1 External Parameters

The two main externally estimated parameters for this model are the match elasticity ( $\alpha$ ), taken from the seminal paper by Den Haan, Ramey, and Watson (2000)<sup>5</sup> and the job destruction rate ( $\delta$ ) taken from the HRS as an annualized estimate for Employment-Unemployment flows. Consumer risk aversion ( $\sigma$ ), discount factor ( $\beta$ ), and interest rate ( $r$ ) are taken at values standard from the literature.

#### 4.1.2 Internal Parameters

|                   | Parameter               | Value | Target                                   | Model | Data  |
|-------------------|-------------------------|-------|--|-------|-------|
| $\kappa_h$        | Cost of Housing         | .1171 | Rent-to-Income Ratio                     | .0500 |       |
| $\chi$            | Independence Utility    | 4.703 | E-U Move Home Share                      | .0413 | .0413 |
| $\eta$            | EV Distribution Scale   | 1.000 | Coresidence Share                        | .0273 | .1460 |
| $\kappa_j$        | Cost of Posting         | .0034 | Unemployment Share <sup>a</sup>          | .0478 | .0420 |
| $b$               | UI Benefit              | .2454 | UI Exp. to Income Ratio <sup>b</sup>     | .0042 | .0042 |
| $S$               | Social Security Benefit | .7537 | SS Exp. to Income Ratio <sup>c</sup>     | .0525 | .0525 |
| $\sigma_\epsilon$ | St. Dev. Productivity   | .8868 | SD Log Earnings (Age 26-30) <sup>d</sup> | .9000 | .9000 |

**Table 3:** Parameters Calibrated Internally to the Model

<sup>a</sup> Bureau of Labor Statistics (2025)

<sup>b,c</sup> Bureau of Economic Analysis (2024)

<sup>d</sup> Kuhn & Ríos-Rull (2013)<sup>6</sup>

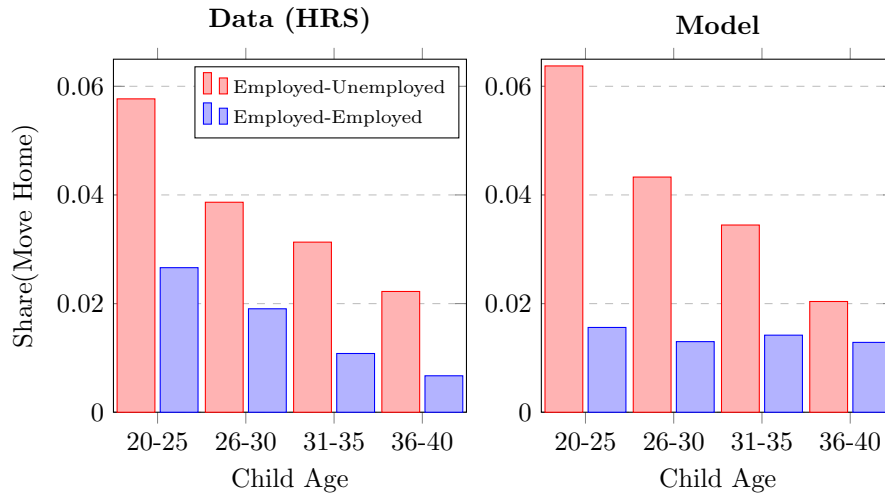
A summary of the internal parameter estimates can be found in Table 3. The most important estimate

<sup>5</sup>Den Haan, W. J., Ramey, G., Watson, J. (2000). Job Destruction and Propagation of Shocks. *The American Economic Review*, 90(3), 482-498.

<sup>6</sup>Kuhn, M., Ríos-Rull, J. V. (2013). 2013 Update on the U.S. Earnings, Income, and Wealth Distributional Facts: A View from Macroeconomics. *Federal Reserve Bank of Minneapolis: Quarterly Review*, 37(1).

from the perspective of the coresidence-based insurance is the independence utility,  $\chi$ , which is targeted to match the share of E-U workers who move home in the HRS. The labour market in this model is identified by the cost of posting,  $\kappa_p$ , targeted to the unemployment share and the standard deviation of productivity,  $\sigma_\epsilon$ , targeted to the standard deviation of log earnings for workers aged 26 to 30. The fiscal system is estimated via unemployment insurance ( $b$ ) and pension benefits ( $S$ ), which are targeted to aggregate spending on UI and pensions, respectively.

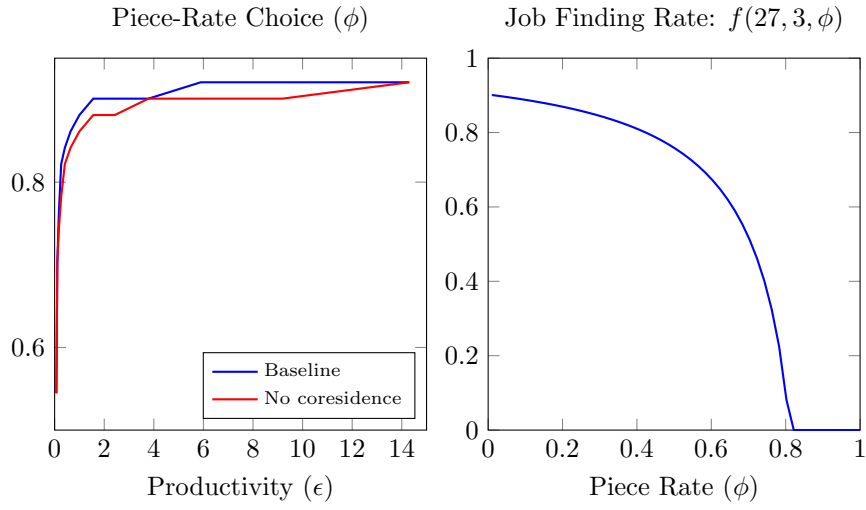
## 4.2 Model Validation



**Figure 3:** Move home flows are larger for E-U consumers and are decreasing in age

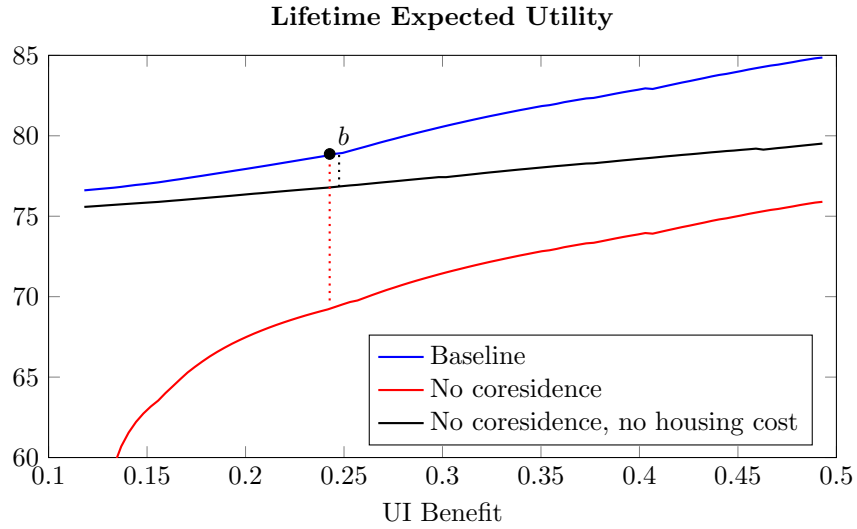
The model matches two key features of the Health and Retirement Study. First, workers experiencing an Employed-to-Unemployed transition are significantly more likely to move home than peers in an Employed-to-Employed transition. Second, the magnitude of this effect is decreasing in the worker's age. The first feature is evidence of the insurance mechanism against labour market risk. The second has several implications. First, as workers age they are more able to self-insure in their household rather than move home. For example, they may have a spouse who also works, or established savings or home equity that enables them to weather an unemployment spell. Second, as parents age they are less able to provide housing-based insurance to their children as their own eldercare needs rise.

### 4.3 Job Search Behaviour



Consumers who have access to the option to live at home search in submarkets with higher piece-rates and lower job finding probabilities. This is because unemployment is much less costly when the cost of housing is avoidable by moving home with a parent.

### 4.4 Welfare from Coresidence



The vertical distance between the red and blue curves is an estimate of the welfare from the coresidence option in terms of the optimal UI benefit. For a new consumer under the veil of ignorance, the option to move home until age 40 is worth approximately three times the unemployment benefit. In a counterfactual with no housing costs, there is still a significant welfare benefit from having the move home option due to positive utility from living independently.

The relative welfare benefit of the move home option is much larger at low levels of UI, for example below the calibrated unemployment benefit  $b$ . This relationship implies that unemployment insurance and the move home option are complementary insurance mechanisms against labour market risk. In an environment with a generous UI system, non-market insurance through shared housing is relatively less important for the welfare of workers. In contrast, when unemployment is more punishing through reduced benefits the welfare implications of moving home are significant.

## 5 Conclusion

This paper extends our understanding of coresidence as labour market insurance in a few crucial ways. First, I confirm that this insurance mechanism is present across all workers into middle age. Additionally, it is robust to a variety of parent and child characteristics including health and eldercare. This provides further evidence of the move home motive coming from labour market outcomes and not other factors like aging or family formation. Second, I use a quantitative model to evaluate the existence of the move home option relative to the existing unemployment insurance system. The welfare results are significant: for a newly created consumer with no prior assumptions, allowing them to move home and avoid housing costs is worth approximately three times the unemployment benefit.



## 6 Appendix

The vectors of characteristics are as follows.

- Child characteristics:  $\mathbf{X}^c = \{\text{Income, Education, Age, Gender, Employment Transition, Marital Status, Parental Status}\}$
- Parent characteristics:  $\mathbf{X}^p = \{\text{Income, Assets, Primary Residence Value, Education, Employment}\}$
- Parent health characteristics:  $\mathbf{X}^h = \{\text{High Blood Pressure, Diabetes, Lung Disease, Heart Disease, Ever Had Stroke, Ever Had Cancer}\}$
- Eldercare characteristics:  $\mathbf{X}^e = \{\text{Child Helps with ADLs, Child Helps with IADLs, Child Intends to Help in Future}\}$

Activities of daily living (ADLs) consist of the most basic tasks one must perform to take care of themselves. This includes hygiene, dressing, meal preparation, and others. In contrast, instrumental activities of daily living (IADLs) refer to more complex but necessary tasks for self-reliance such as meal planning, transportation, and keeping appointments. In general, aging adults will require assistance with IADLs before they require assistance with ADLs.

Probit regression specification:

$$\begin{aligned}
 Pr(\text{MoveHome}) = & \alpha_0 + \alpha \text{Year} & + \beta_1 \text{ChildIncome} \\
 & + \beta_2 \text{ChildEducation} & + \beta_3 \text{ChildAge} \\
 & + \beta_4 \text{ChildGender} & + \beta_5 \text{ChildEmploymentTransition} \\
 & + \beta_6 \text{ChildMaritalStatus} & + \beta_7 \text{ChildParentalStatus} \\
 & + \eta_1 \text{ChildHelpADL} & + \eta_2 \text{ChildHelpIADL} \\
 & + \eta_3 \text{ChildIntendsHelp} & + \gamma_1 \text{ParentIncome} \\
 & + \gamma_2 \text{ParentAssets} & + \gamma_3 \text{ParentHomeValue} \\
 & + \gamma_4 \text{ParentEducation} & + \gamma_5 \text{ParentEmployment} \\
 & + \delta_1 \text{ParentHighBP} & + \delta_2 \text{ParentDiabetes} \\
 & + \delta_3 \text{ParentHadCancer} & + \delta_4 \text{ParentLungDisease} \\
 & + \delta_5 \text{ParentHeartDisease} & + \delta_6 \text{ParentHadStroke}
 \end{aligned}$$

**Table 4:** Average Marginal Effects on Pr(Move Home)

| Independent Variable               | AME                    | p-value |
|------------------------------------|------------------------|---------|
| <b>Year</b>                        |                        |         |
| 2000                               | <i>Base</i>            |         |
| 2002                               | 0.00246                | 0.182   |
| 2004                               | 0.00483                | 0.023   |
| 2006                               | 0.00024                | 0.898   |
| 2008                               | 0.00738                | 0.001   |
| 2010                               | 0.00369                | 0.076   |
| 2012                               | 0.00466                | 0.016   |
| 2014                               | 0.00504                | 0.020   |
| 2016                               | 0.00782                | 0.000   |
| 2018                               | 0.01095                | 0.000   |
| <b>Child Income</b>                |                        |         |
| <10K                               | <i>Base</i>            |         |
| 10–35K                             | −0.01155               | 0.000   |
| 35–70K                             | −0.02003               | 0.000   |
| 70–100K                            | −0.02035               | 0.000   |
| 100K+                              | −0.02411               | 0.000   |
| <b>Child Education</b>             |                        |         |
| Less Than High School              | <i>Base</i>            |         |
| High School Graduate               | −0.00433               | 0.193   |
| Partial College Completion         | 0.00203                | 0.563   |
| College and Above                  | −0.00141               | 0.669   |
| <b>Child Age</b>                   |                        |         |
| 20–25                              | <i>Base</i>            |         |
| 26–30                              | −0.00629               | 0.001   |
| 31–35                              | −0.00837               | 0.000   |
| 36–40                              | −0.01244               | 0.000   |
| <b>Child Employment Transition</b> |                        |         |
| E–E                                | <i>Base</i>            |         |
| E–U                                | 0.01588                | 0.000   |
| U–E                                | 0.00353                | 0.040   |
| U–U                                | 0.00331                | 0.079   |
| Child Gender (Female)              | −0.00338               | 0.000   |
| Child Marital Status               | −0.02618               | 0.000   |
| Child Parental Status              | 0.00034                | 0.790   |
| Child Helps w/ ADLs                | 0.01627                | 0.007   |
| Child Helps w/ IADLs               | 0.01269                | 0.007   |
| Child Intends to Help in Future    | 0.01125                | 0.000   |
| Parent Income                      | $6.22 \times 10^{-10}$ | 0.802   |

*Continued on next page*

**Table 4:** Average Marginal Effects on Pr(Move Home) (continued)

| Independent Variable           | AME                    | p-value |
|--------------------------------|------------------------|---------|
| Parent Assets                  | $-1.84 \times 10^{-9}$ | 0.021   |
| Parent Home Value              | $3.86 \times 10^{-9}$  | 0.002   |
| <b>Parent Education</b>        |                        |         |
| Less Than High School          | <i>Base</i>            |         |
| GED                            | -0.00300               | 0.263   |
| High School Graduate           | 0.00412                | 0.028   |
| Partial College Completion     | 0.00276                | 0.135   |
| College and Above              | 0.00397                | 0.037   |
| <b>Parent Employment</b>       |                        |         |
| Not Working                    | <i>Base</i>            |         |
| Part-time Work                 | 0.00160                | 0.457   |
| Full-time Work                 | 0.00318                | 0.008   |
| Parent has High Blood Pressure | -0.00091               | 0.435   |
| Parent has Diabetes            | -0.00007               | 0.960   |
| Parent has ever had Cancer     | -0.00107               | 0.464   |
| Parent has Lung Disease        | 0.00067                | 0.689   |
| Parent has Heart Disease       | 0.00069                | 0.583   |
| Parent has ever had a Stroke   | 0.00518                | 0.005   |