

Grandparents Investing in Grandchildren

The MetLife Study on How Grandparents Share
Their Time, Values, and Money

September 2012

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Executive Summary

The More Things Change, the More They Stay the Same...

Over the years, the lives of grandparents have changed due to longer lifespans, health advantages, evolving lifestyles, a more mobile society, and changing views of retirement. But while the roles of grandparents have evolved, they continue to have a steady, important position in the lives of their children and grandchildren.

“My 4-year-old grandson is my first grandchild so, yes, he is extra special. We chat on the phone at least weekly even though he lives across the country. He is smart, has a great sense of humor, and is empathetic. I get to see him usually three to four times a year; sometimes they travel here — sometimes I travel there to visit.”

Today’s grandparents continue to provide care for grandchildren, offer advice and moral support, and provide financial assistance. Because grandparents are an increasingly vital support for American families, the MetLife Mature Market Institute (the Institute) has undertaken this survey of grandparents to gain more knowledge about the most important aspects of their grandparenting experience. This study builds on the various perspectives gained from previous Institute studies involving grandparents, including:

- *Grandparents: Generous with Money, Not with Advice* (2009)
- *From Generation to Generation: Grandparents Imparting Lessons, Legacy, and Love, A MetLife Survey of African-American, Asian Indian, and Chinese Grandparents* (2010)
- *The MetLife Report on American Grandparents: New Insights for a New Generation of Grandparents* (2011)

This study further examines grandparents’ preferences and goals, their connections with their grandchildren, and the levels of care they provide — from long distance grandparents to those who provide regular babysitting and care to the growing number living in multi-generational households or personally raising grandchildren.

Grandparents provided insights into their patterns for offering financial assistance and how their family giving is affecting their own finances. Overall, the results reconfirm grandparents' constant and perhaps growing financial generosity in the face of continuing ripples of economic challenges. Grandparents continue to act as a crucial support for American families, with 62% providing financial assistance, just over one in 10 providing regular care for grandchildren, and two in 10 living in multi-generational households. Grandparents give abundantly, sometimes to the detriment of their own current and future financial security. Many are most likely not fully aware of the extent to which they are sacrificing their own financial security in retirement and may need support later in life.

"She is our only grandchild at this time. We are blessed to get to see her very often as we pick her up from pre-school twice a week and keep her till her Daddy gets off of work, and we watch her all day once a week. She is such a blessing to us and makes us very happy!"

Personal and family values rang out loud and clear as very important to grandparents, and their desire to pass on civic participation was particularly strong, including 73% who are passing down or interested in passing down a value for voting. Their view of their own work is also permeated with their most deep-seated values around a strong work ethic and making a difference in the lives of others.

Strikingly, grandparents' outlook for their grandchildren's future was abundantly optimistic; the overwhelming majority of grandparents believe their grandchildren will live as well as they have, mainly due to strong values, positive role models, solid parenting, and family support.

Key Findings

Grandchildren and Distance

- Grandparents have an average of four grandchildren. The largest segment have one or more grandchildren between ages 6 and 11 (56%) followed by age 5 or younger (53%). Twenty-eight percent have adult grandchildren over the age of 21.
- Two-thirds of grandparents have at least one grandchild living within easy visiting distance, with 8% of grandparents living in the same household, and 59% having one or more grandchildren 50 miles away or closer. Long-distance grandparents are still a significant segment, with 39% of grandparents having a grandchild more than 500 miles away.

Care and Living Arrangements

Grandparents play an important role in caring for grandchildren.

- Just over one in 10 grandparents (13%) provides care on a regular basis for at least one grandchild. Of those:
 - 32% are babysitting/caregiving five or more days per week
 - 58% say they do so because they enjoy it
 - 15% are raising at least one grandchild
- Two in 10 grandparents say they are living in a multi-generational household, defined as family members of different generations living in one household. Of those, 30% have grandchildren sharing the same household.

Values and Hope for the Future

The importance and transmission of key personal values is a common theme throughout the survey results, with at least half of grandparents rating most of the values tested as being very important to pass down to children or grandchildren.

- Topping the list of very important values are honesty (88%), good behavior (82%), self-sufficiency (70%), higher education (69%), and good health habits (68%).

- Almost three-quarters of grandparents (73%) said voting is a value they are currently or interested in passing down. Nearly half of grandparents are passing down a value for volunteering and civic engagement.
- Grandparents are largely optimistic about their grandchild's future, with 67% agreeing that their grandchildren will live as well as they have. Younger grandparents, ages 45-54 are most likely to agree (76%).
- For those grandparents who believe grandchildren will live as well as them, they credit areas including access to a good education, values, family influence, and support as the top reasons.
- For the minority of grandparents who don't believe their grandchildren would live as well as they, most blamed external factors including the economy, government, and society.

Finances

The majority (62%) of grandparents have provided financial support or monetary gifts for grandchildren within the past five years. Of those grandparents who provide financial assistance:

- The average amount given for all grandchildren over the past five years was \$8,289 total. More than half gave up to \$5,000.
- Cash was the most common type of financial support, and helping with basic needs rose to the top with 43% of grandparents giving for clothing, 33% for general support, and 29% for education, such as pre-school through high school private schools, tutoring, college tuition, and graduate school.
- The top average dollar amount spent per grandparent was \$23,068 for investments, \$8,276 for education, and \$6,742 for a down payment on a grandchild's home.
- Forty-three percent report they are providing more financial support due to the economic downturn, and one-third (34%) are giving financial support to grandchildren even though they believe it is having a negative effect on their own financial security.

Major Findings

The “Average” American Grandparent

The typical grandparent in the study is a grandmother over the age of 65 who has four grandchildren between the ages of 5 and 17, and while one lives within 50 miles, she also has at least one living more than 500 miles away. She is retired and most enjoys communicating with her grandchildren on the phone and rarely sends letters through the mail. She doesn't live in a multi-generational household or have grandchildren living with her, but has several friends who do. She occasionally provides care for her grandchildren and does so more than her husband. When she does care for her grandchildren, her primary motivation is that she enjoys it.

She loves to have family celebrations with her grandchildren and enjoys going out to eat with them when they are together. She sees her older grandchildren mostly at family celebrations. She knows about Grandparents Day, but her grandchildren don't do anything special to celebrate it.

Passing down values to her children and grandchildren is important, and honesty is the most important value. She actively volunteers in her community at local non-profit organizations or in her faith-based community. Civic engagement is important to her and she votes regularly, attends community planning meetings, and occasionally campaigns for her favored candidate or works at the local polls.

She is more likely to have provided financial assistance to grandchildren than her husband, and is most likely to buy clothing for grandchildren. She may be giving more due to the current economic situation, and she prefers to provide smaller gifts over the course of a lifetime to help meet her grandchildren's current needs rather than leave them a large sum after she dies. She rarely gives financial advice to grandchildren, but when she does she urges them to start saving early and avoid debt. She sometimes urges them to think about financial security and planning, especially her older grandchildren.

If she worked outside the home, she is more likely to have done so with the purpose of making a difference in the world than her husband (a value she also hopes will be part of her legacy for grandchildren). At the same time, making money to support her family was also very important to her and she wants her grandchildren to remember her for providing for her family — even in tough times. She has around \$150,000 in life insurance (with her spouse as beneficiary), but is less likely to own most financial products than her husband, with the exception of long-term care insurance.

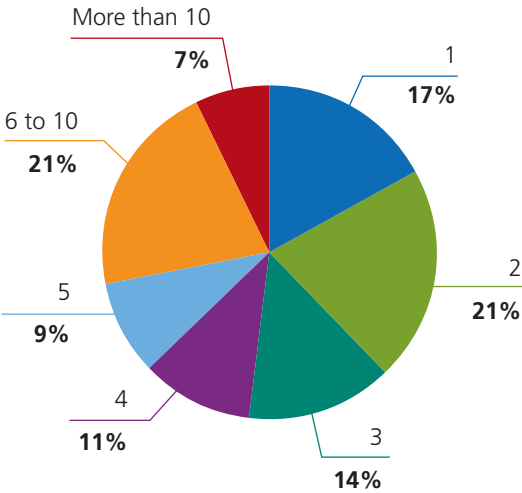
She is optimistic about the future for her grandchildren — believing that they will live as well as she and her husband have because they have access to a good education and have been instilled with good values and family support. She wants her grandchildren to be self-sufficient, get a college education, and have good health habits. She generally believes her children are good parents who provide a strong support for her grandchildren. She is perhaps a bit partial when it comes to her grandchildren, often seeing them as hard working, caring, and possessing good personalities...to her they are all beautiful children.

It's All About the Grandchildren: Living, Loving, Caring

“How Many Grandchildren Do You Have?”

Grandparents age 45 and older have an average of four grandchildren. The largest portion (55%) has between two and five grandchildren.

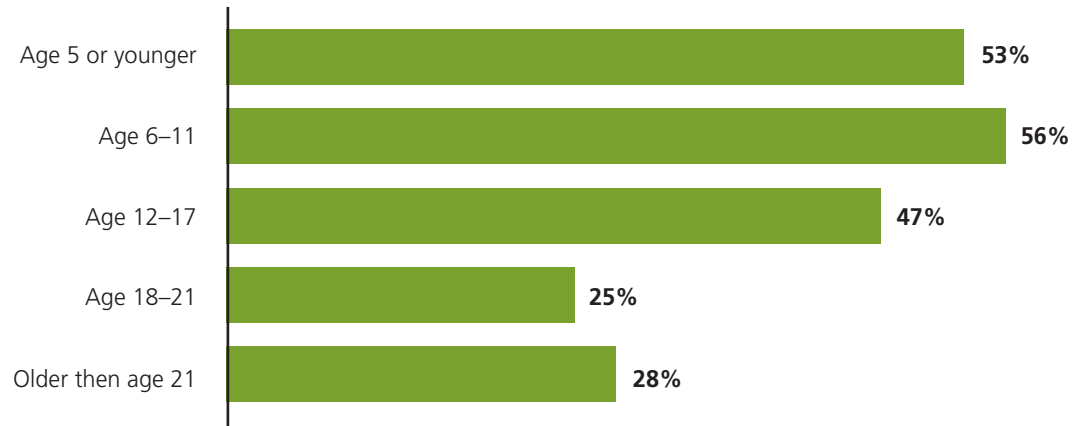
Figure 1: Number of Grandchildren



Younger Grandchildren Predominate

The largest segment of grandparents (56%) has grandchildren ages 6 to 11, followed closely by 53% who have grandchildren age 5 or younger. Almost half of grandparents (47%) have grandchildren ages 12 to 17. Fewer grandparents have older grandchildren, with 28% having grandchildren older than age 21 and 25% between the ages of 18 and 21.

Figure 2: Percentage of Grandparents Who Have One or More Grandchildren by Age Group



To Grandmother’s House We Go

While we live in a very mobile society and families are often scattered across the nation, the majority of grandparents (67%) have at least one grandchild that either lives in the same household or lives within 50 miles of them, and almost a third of those grandparents see grandchildren quite frequently — more than once a week. Four in 10 of the 59% of grandparents who have grandchildren living within 50 miles see a grandchild a few times a month. These grandparents have better opportunities for closer relationships with grandchildren simply because they are able to spend more time together.

Eight percent of grandparents have even closer contact with grandchildren, as they are living in the same household. Clearly, these grandparents have a very different grandparenting experience than other grandparents who don’t live with grandchildren. They also have different relationships with these grandchildren than with their other grandchildren.

While a large percentage of grandparents have a grandchild living fairly close by, 80% also have at least one grandchild living more than 50 miles away. Grandparents who have grandchildren between 51 and 500 miles away are still more likely to see their grandchildren once a month or less — which is helpful in terms of building relationships. But frequency of visits drops drastically for the 39% of grandparents who have at least one grandchild living more than 500 miles away, with the majority (64%) only seeing them once a year or less. These grandparents face more challenges in building relationships with their grandchildren who live at a greater distance.

Figure 3: Percentage of Grandparents Who Have One or More Grandchildren by Distance

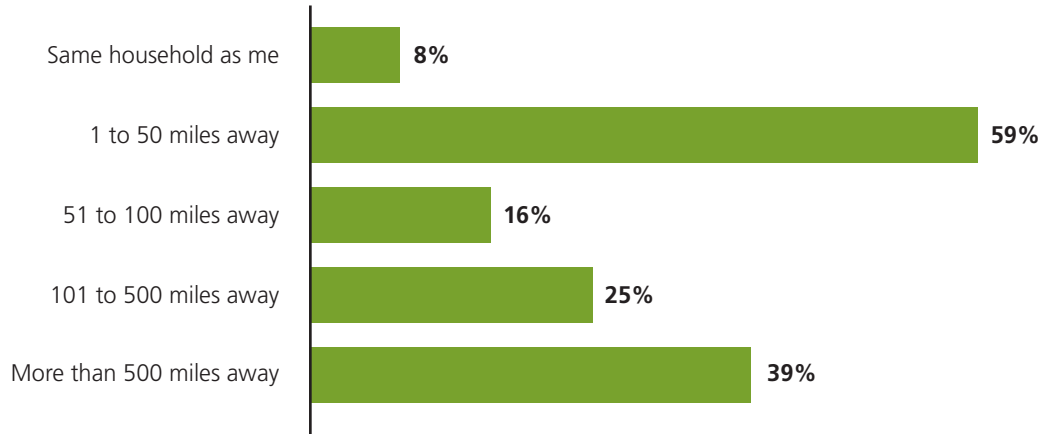


Figure 4: Frequency of Seeing Grandchildren

| | More than once a week | A few times a month | Less than once a month | Two or three times a year | Once a year or less |
|--------------------------|-----------------------|---------------------|------------------------|---------------------------|---------------------|
| Same household as me | 100% | 0% | 0% | 0% | 0% |
| 1 to 50 miles away | 32% | 40% | 19% | 4% | 4% |
| 51 to 100 miles away | 0% | 21% | 49% | 10% | 20% |
| 101 to 500 miles away | 0% | 4% | 37% | 28% | 31% |
| More than 500 miles away | 0% | 0% | 5% | 31% | 64% |

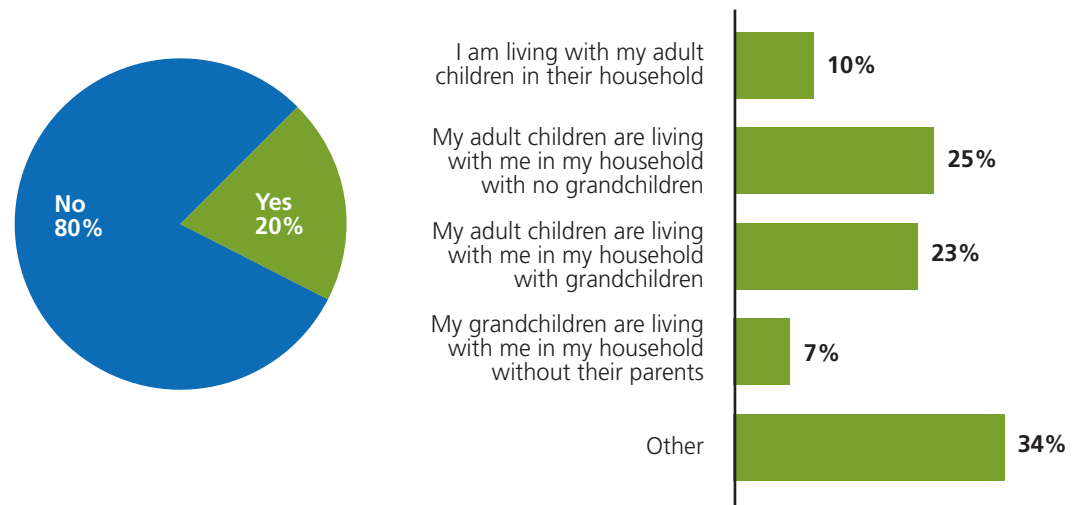
Multi-Generational Living

Driven by the economy, housing crisis, and caregiving needs, among other trends, there has been an increase in multi-generational living in recent years as reported by Pew Research Center,¹ AARP,² *The MetLife Report on American Grandparents*,³ *GrandFacts State Fact Sheets for Grandparents and Other Relatives Raising Children*,⁴ Generations United⁵ and others. This survey of grandparents defined a multi-generational household broadly as “family members of different generations living together in one household.” Within that overall definition, grandparents had several choices of multi-generational household types.

Among all grandparents surveyed, 20% consider themselves to be living in multi-generational households. The majority of these grandparents consider themselves head of household. Of grandparents in multi-generational homes, 30% have grandchildren living in their household with them. Twenty-three percent also have their adult children living with them (the grandchild’s parents) but 7% of grandparents living in multi-generational households say their grandchild’s parents are not living in the home. These data are similar to the U.S. Census American Community Survey⁶ data utilized in the *GrandFacts National Fact Sheet* which reports more than 2.5 million grandparents are householders and responsible for their grandchildren living with them, with more than one-third having no parents present in the home.

A quarter of these grandparents who live in multi-generational homes have only their adult children living with them (often referred to as “boomerang children” who have left the nest but returned) and no grandchildren. A less common arrangement is for grandparents to be living with their adult children in their households; only 10% reported this type of living situation. About one-third (34%) of grandparents living in multi-generational homes say none of these descriptions fit them. These grandparents may be living with other relatives or have a combination of family arrangements in their homes.

Figure 5: Grandparents in Multi-Generational Households

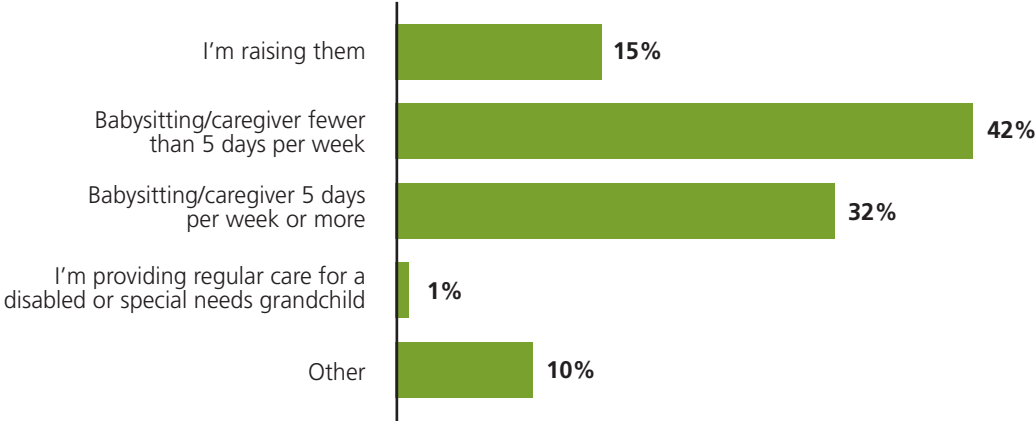


Caring for Grandchildren

Generations of grandparents have long held a key traditional role in caring for grandchildren. Most parents would prefer to have a family member care for their children, and according to the U.S. Census Bureau⁷ grandparents take care of 23% of preschoolers while mothers work — that’s roughly equal to the percentage of children who are in organized pre-school programs. Some grandparents provide before or after school care, and grandparents are often the “back up plan” for parents when their regular day care provider is unavailable or they have a sick child. Many grandparents provide care on an intermittent basis, but this survey took a look at those grandparents who provide care on a regular basis.

Among all grandparents in this survey, 13% say they provide care for grandchildren on a regular basis. Grandmothers traditionally care for grandchildren more frequently than grandfathers; fully 15% of all grandmothers provide care on a regular basis as compared with 9% of grandfathers. Younger grandparents under the age of 65 are more likely to provide care. This may be because younger grandparents are more likely to have younger grandchildren who need more care.

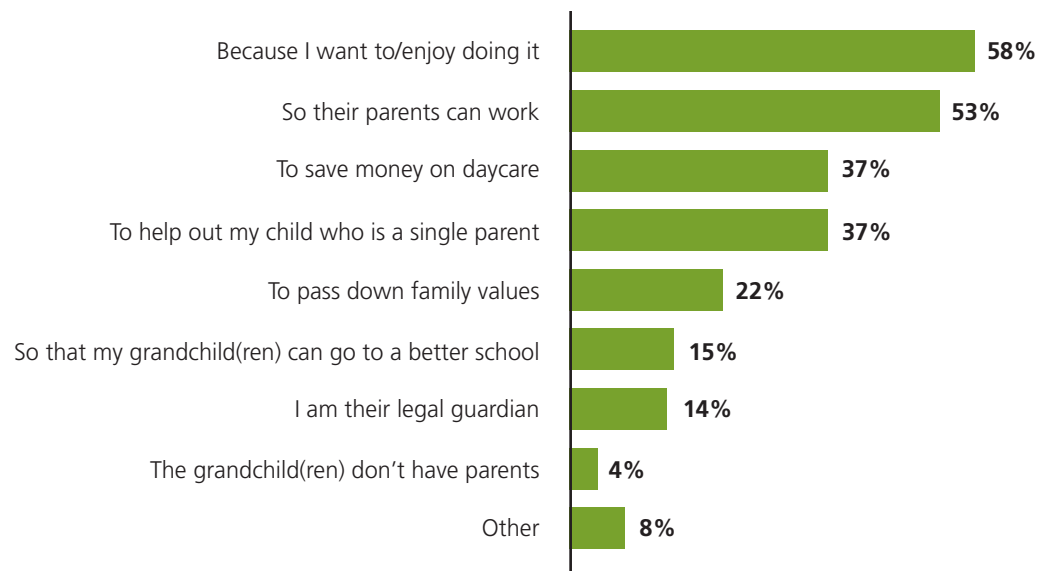
Figure 6: Type of Care Provided for Grandchildren (among those who provide care on a regular basis)



This study delved a bit deeper into the issue of providing care for grandchildren on a regular basis by asking about the type of care and reasons they are providing it. Of the 13% of grandparents who say they provide regular care for grandchildren, 15% say they are raising their grandchildren. This survey did not define the meaning of “raising their grandchildren,” therefore this most likely means grandchildren are living with them but it is not clear whether or not the grandchildren’s parents are also involved in their care. Either way, clearly these grandparents are shouldering much or all of the care for grandchildren living with them.

When it comes to care for grandchildren, the majority (74%) of grandparents doing so on a regular basis are babysitting/caregiving. Almost one-third are caregiving on a regular basis five or more days per week — a substantial commitment of time. The largest segment (42%) is caregiving fewer than five days/week on a regular basis. Another 10% are regularly providing other types of care, and 1% are regularly caring for grandchildren with special needs.

Figure 7: Reasons for Providing Care (among those who provide care on a regular basis)



There are a variety of reasons grandparents step into the role of ongoing care-provider for grandchildren. For those who regularly babysit or provide child care, before/after school care or sick child care, there are generally financial or altruistic reasons. Other grandparents regularly care for grandchildren because of a crisis, chronic problem, or special challenge in the family, such as the 37% of grandparents who help out because their own child is a single parent, the 14% of grandparents who do so because they are the legal guardian of a grandchild or the 4% whose grandchildren don't have parents.

Grandparents may have multiple reasons for providing care for grandchildren. The study found the most common reason for grandparents to provide regular care is not because they feel they have to but because they want to — they enjoy doing so, with 58% reporting this as their motivation. Another 22% of grandparents who provide regular care do so because they want to spend time with grandchildren to pass down family values. Sometimes very practical reasons prevail: 53% say they provide regular care so the parents can work. Similarly, professional child care can be very expensive, and in today's economy many parents are grateful to have grandparents provide day care for grandchildren to save on expenses — this is the motivation of 37% of the grandparents who provide regular care.

Telephoning with Grandchildren Preferred

The most familiar form of technology — using a phone — is still the most common mode of communication with grandchildren. Slightly more grandparents say they typically communicate with grandchildren on the phone (69%) than by face-to-face communication (67%). Phone calls are also the most enjoyable method of communication other than face-to-face, with 64% putting phone calls at the top of their list. Using a phone has been a normal part of everyday life for generations now, so it is not surprising that grandparents would find it easiest and fastest and therefore most enjoyable. It is interesting to note, however, that another mode of communication grandparents have used for generations has moved to the bottom of the list: letter writing. Only 10% of grandparents say they write letters to grandchildren, and only 3% said it is their most enjoyable method.

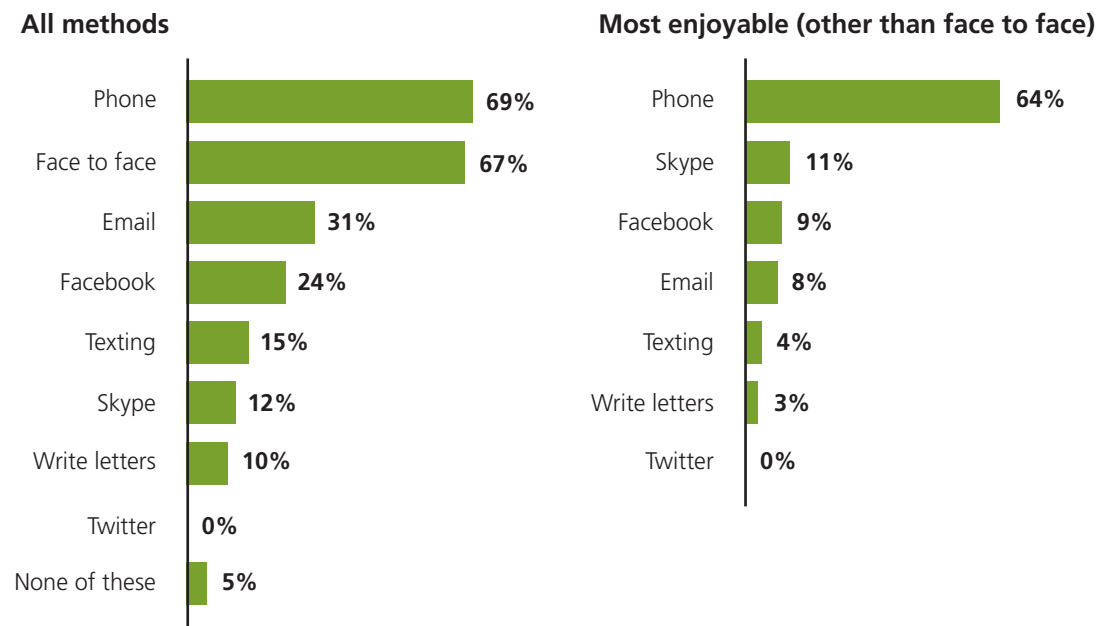
"We visit with each other via Skype. Though I can't hold her, I feel that as she ages we will be close because we can see each other and TALK to each other. I miss her everyday."

Other forms of communication technology are increasingly common among grandparents. Almost one-third of grandparents are emailing with grandchildren now, and almost a quarter communicate on Facebook — more than those who text (15%) or Skype (12%).

It’s important, however, to note the differences between the most common communication methods used and the level of enjoyment of using them. While 15% of grandparents say they text with grandchildren, only 4% say it’s the most enjoyable method. Similarly, while 24% of grandparents use Facebook with grandchildren, only 9% of grandparents find it the most enjoyable method, and far more grandparents use email (31%) than who say it’s their most enjoyable form (8%). It would seem that grandparents often use the technology that works for their grandchildren, even if it’s not so enjoyable for them.

There are two exceptions to this inverse relationship: phone use and Skype. Roughly equal percentages of grandparents use Skype (12%) as those who say it’s their most enjoyable method (11%). Twitter was the one form of communication that is not being used between grandparents and grandchildren.

Figure 8: Communication Methods with Grandchildren



Activities with Grandchildren: Celebrations, Special Occasions, and Happy Meals

Activities with grandchildren tend to be fun-centric, and grandparents tend to take part in activities their grandchildren are interested in more than convincing their grandkids to do what they want to do.

In 1978, President Jimmy Carter proclaimed Grandparents Day as a national holiday. While it has never reached the level of notoriety of Mother's or Father's Days, the majority of grandparents report awareness of their special day. A little more than one-third of grandparents do celebrate the day in some way, with about a quarter of grandparents getting a card or phone call from grandchildren and about one in 10 spending the day with their grandkids.

Family traditions and rituals often center on group celebrations of holidays, birthdays, anniversaries, and special occasions such as graduations, school programs, sports events, or weddings. These celebrations are the building blocks of family connections and continuity. They serve as the centerpiece around which families gather and create shared memories. Grandparents are often seen as the keepers of tradition and take on the role of family celebration coordinators. Seventy-eight percent of grandparents selected family celebrations as an activity done with grandchildren — the most common activity type of all.

Going out to eat continues to be a popular intergenerational activity, with 67% of grandparents saying they visit restaurants with grandchildren. Families often go out to eat to celebrate special occasions, but grandchildren may be just as excited with a quick trip to a local fast-food spot as to a more expensive restaurant.

More than half of grandparents are active outdoors with grandchildren (55%), going to the zoo, having picnics, going to playgrounds or beaches, and such. About half (51%) of grandparents attend their grandchild's activities such as school programs, music or dance recitals, sports events, scouting, or concerts. It's a great chance to support their grandchildren while getting to see them. About four in 10 grandparents report spending vacations with their grandchildren; these family vacations with grandparents are often specially treasured memories for grandchildren and the stories created are the stuff of family lore.

Grandparents continue to spend time with grandchildren engaged in traditional activities such as cooking/baking (33%), reading or going to the library (30%), going to the movies (28%), and making crafts together (28%). Some grandparents engage their grandchildren in their communities by volunteering together (7%), which is an important value grandparents want to pass down.

In examining the activities grandparents engage in with grandchildren, it's important to note that favored and frequency of activities varies by age group. In general, the older the grandchildren, the lower the participation rates for any activity. The one activity that remains quite high for grandchildren over 18 is family celebrations, followed by eating out. Perhaps this is why these two activities are so popular among grandparents — they tend to be activities in which all grandchildren remain interested.

Adult grandchildren are more likely to spend family vacations with grandparents. The top three ranking activities per age group are:

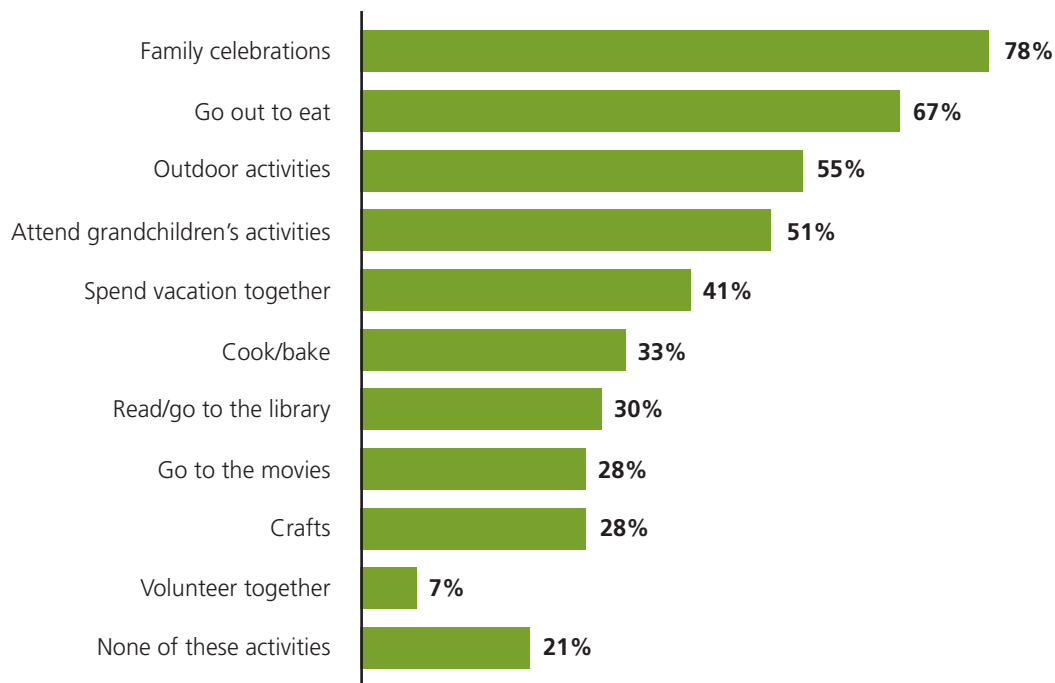
- Age 5 or younger: family celebrations, going out to eat, outdoor activities
- Age 6-11: family celebrations, going out to eat, outdoor activities
- Age 12-17: family celebrations, going out to eat, attend grandchild's activities
- Age 18-21: family celebrations, going out to eat, attend grandchild's activities
- Over age 21: family celebrations, going out to eat, spending vacation together

For each of the common activities listed, the highest level of activity by grandchild's age group was as follows:

- Family celebrations: age 5 or younger
- Reading or going to a library: birth to 11
- Outdoor activities: ages 6–11
- Vacations: age 6–11
- Cooking/baking: ages 6–11
- Going to movies: age 6–11
- Making crafts: age 6–11
- Going out to eat: ages 6–17
- Attending grandchild activities: ages 6–17
- Volunteering: age 12–17

This analysis would indicate that ages 6–11 is a sweet spot for grandparent-grandchild activities, as this age group was most commonly reported across all activities.

Figure 9: Activities with Grandchildren



Feeling Close to Grandchildren

While 21% of grandparents feel they don't have a special relationship with their grandchildren, 23% say they have a special relationship with all their grandchildren. Over half (54%) of grandparents feel they are closer with one particular grandchild. Why do some grandparents feel a closer bond? The most cited reasons for close relationships were staying in close contact and enjoying the same activities. Living with a grandchild of course leads to a more intimate relationship, but grandparents who live closer or provide regular care for grandchildren have a leg up when it comes to building closer ties simply because they have more opportunity for staying in close contact. However, connecting around shared interests and experiences or activities both grandparent and grandchild enjoy is another strong way to create closer relationships and can often be done from a distance, especially when utilizing technology.

Some grandparents feel their relationship with a certain grandchild is closer because that child is “special,” “bright,” “wonderful,” “fun,” “beautiful,” or because a grandparent witnessed a grandchild’s birth. Grandparents enjoy watching grandchildren grow, and some grandparents report their grandchild is “the light of my life.”

Values, Legacy, and Hope for the Future

Passing Down Values to the Next Generations

Basic values or goals are important to grandparents and they are interested in or actively passing down these values to younger generations. The study also examined the ways grandparents see values making a difference in their own lives and the lives of their grandchildren into the future.

To find out more about grandparent’s views on values, they were presented with a list of values and issues in which grandparents are commonly interested, and asked how important it was to pass them on to children and grandchildren.

“Living well is about having faith and being happy. My grandchildren are very well adjusted and surrounded by love. They will live a good life because of the love they receive.”

Most of the values tested were considered to be very important to pass down by at least half of grandparents; all were very important to at least one-third of grandparents. While grandmothers are more likely than grandfathers to rate values as very important to pass down, these values are all undoubtedly of vital importance to most grandparents and are

in all probability integrated into their intergenerational interactions and choices of activities, gifts, conversations, and legacies.

Various values were grouped into categories as follows:

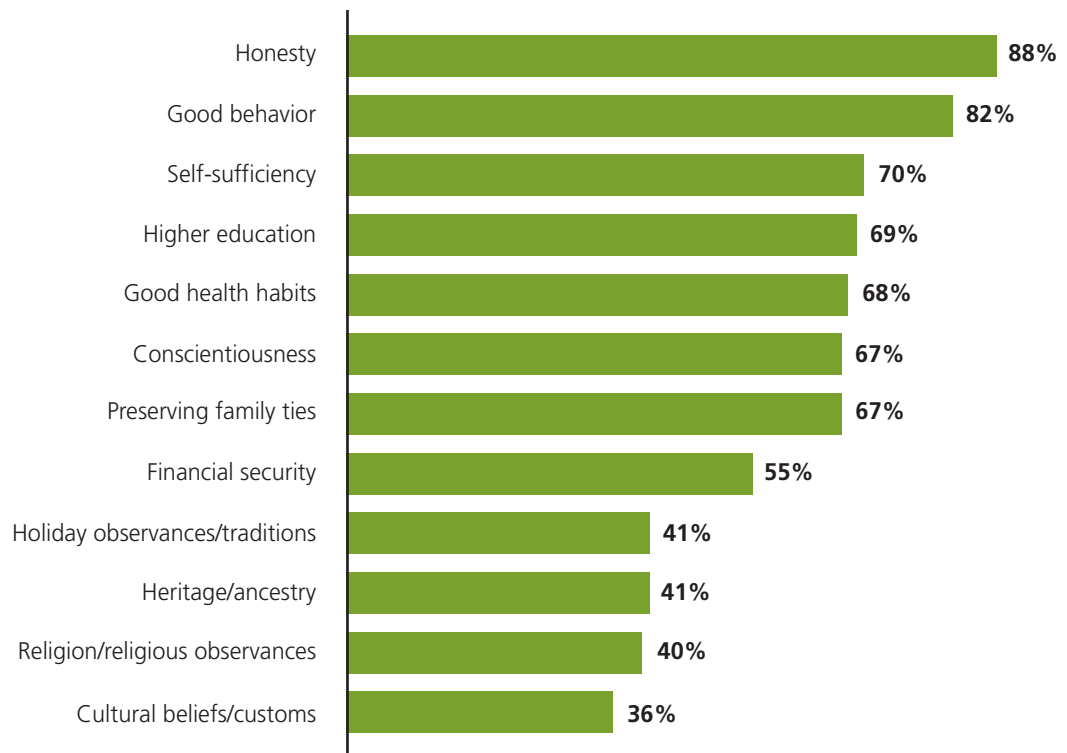
- **Community Involvement:** Grandparents have a high level of interest and activity around issues related to their local communities and the nation. This study explored three broad categories: voting, volunteering, and general civic engagement. Grandparents were asked if they were passing down or interested in passing down these values:

“He has an excellent support group at home, continual encouragement to try new things, ongoing praise for accomplishments, and is dearly loved. He is social, thoughtful, and great fun.”

- **Voting:** Almost three-quarters of grandparents say voting is a value they are currently or interested in passing down to their children and grandchildren (73%). Older adults generally have higher voting records in comparison with younger age groups. The U.S. Census Bureau reports that approximately 70% of Americans ages 45 and older (the grandparent population) cast ballots in the 2008 presidential election.⁸ Given these data, grandparents are acting as role models for younger generations to put their values into action and “walk the talk” they wish to pass down to children and grandchildren.
- **Volunteering:** Almost half (49%) of grandparents are currently or interested in passing down their value for volunteering. Grandparents may feel strongly about community service and may actively volunteer themselves, but how are they instilling this value in children and grandchildren? Comparing this statistic with activities grandparents report doing with grandchildren, among all grandparents only 7% say they volunteer with grandchildren.
- **Civic Engagement:** Forty-nine percent of grandparents also want to pass down an interest in civic engagement. This may include activities such as studying public policy, running for office, serving on public committees, campaigning, signing petitions, fundraising for a charity, joining a local organization, persuading others to vote, or contacting public officials. Grandparents may experience challenges in passing down this value, as they may commonly engage in these activities on their own and involving grandchildren may be difficult. But grandparents are role models in this area as well, and can discuss their interests and bring grandchildren along for many civic engagement activities if parents agree.

- **Positive Character Traits:** All character traits rated fairly high on the list of very important values to pass down, with honesty being selected as very important for 88% of grandparents. It was followed by good behavior (82%) and conscientiousness (67%).
- **Life Skills:** Among values that provide a foundation for success in life, 70% of grandparents rated self-sufficiency as a very important value. Higher education (69%) and good health habits (68%) came next. Somewhat surprisingly, financial security was lowest in this area; still over half of grandparents rate it as very important (55%).
- **Family and Religion:** A large percentage (41%) held heritage and ancestry to be very important, and the same percentage felt religion or religious observances were very important. Highest in this area was preserving family ties at 67% of grandparents. More than one-third (36%) of grandparents felt cultural beliefs and customs are very important to pass down to generations following them (this value was lowest on the list).

Figure 10: Values Grandparents Believe Are Very Important to Pass Down to Grandchildren

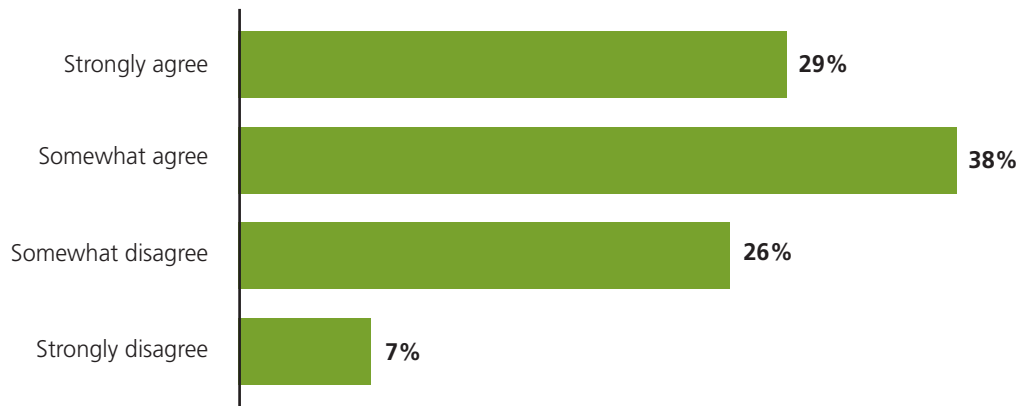


Hope for Grandchild's Future

To find out how grandparents are feeling about their grandchildren's future, given the slow recovery of the economy, they were asked to what extent they agreed with the statement, "I believe my grandchildren will live as well as I have."

Grandparents were highly optimistic, in fact the majority of grandparents (67%) either somewhat or strongly agree that grandchildren will live as well as they have. Younger grandparents, mostly Baby Boomers, were more likely than those 65+ to agree their grandchildren will live well. Baby Boomer grandparents began turning 65 last year; if this optimism is a characteristic of Baby Boomers, who comprise most of the younger grandparent group, perhaps as they age into the 65+ group this more optimistic outlook for their grandchildren's future will continue to grow.

Figure 11: Grandparents Agree/Disagree: "I Believe My Grandchildren Will Live As Well As I Have"



Despite the economic challenges Americans are facing, more grandparents believe their grandchildren will do well than believe they will face a tough future.

Grandchildren Will Live As Well As Grandparents: Why?

Of the 67% of all grandparents who agree grandchildren will live as well as they do, 57% believe values and parental/family influence will affect a grandchild's future. These grandparents lean toward predictors related to personal issues that are within the family's power to impact. Twenty-eight percent attributed access to a good education as the reason their grandchildren will live well. It is somewhat surprising to find that only 13% feel that a secure financial base will have an effect on their grandchildren's future, which may be a reflection of today's economy or may indicate that grandparents believe values and family are more important than money in giving a child a solid base for the future.

Values, Family Influence, and Support — More than half (57%) of grandparents feel their grandchildren will live as well as they do because of issues related to values, family influence, and family support. This group of grandparents selected reasons indicating their grandchildren have good morals/values and were raised/brought up well. They believe their grandchildren have been taught well in general, including being taught a good work ethic. These grandparents see their grandchildren as having good attitudes to accomplish and succeed at anything. They feel they raised their adult children right and they are good parents who maintain influence/support in their grandchildren's lives. They feel sure their grandchildren have a strong foundation and family base. They believe grandchildren will be encouraged, provided with good role models, and helped to plan for the future.

Better Opportunities — Many grandparents (37%) selected reasons related to better opportunities their grandchildren will encounter in their lifetimes. The reasons in this category include access to good education, resources, tools, improving technology, and job opportunities. They have expectations that grandchildren will be professionals. They also see their grandchildren having access to health care that will help them maintain a healthy lifestyle.

Grandparents Offer Faith/Hope — Almost a quarter of these grandparents (22%) chose reasons that indicate they simply have faith and hope that their grandchildren will do well. These grandparents believe things will always get better, including the economy. They cited their religious beliefs and some indicated that life is what you make of it.

Grandchild's Traits and Behaviors — Some grandparents (18%) chose reasons related to their grandchildren's own personality, character, and traits. They said their grandchildren were smart/intelligent, self-reliant/independent, confident/determined, good/well-behaved, motivated, honest/trustworthy, loving/caring, respectful, responsible, industrious, energetic, beautiful, and possessing of a good personality.

Financially Secure — Thirteen percent of these grandparents believe financial issues will predict their grandchildren's future, including having a trust fund or inheritance. Some feel good financial planning and being taught how to handle money are keys to living well.

Reasons Grandchildren Will Not Live As Well As Grandparents

Of the 33% of grandparents who disagree that their grandchildren will live as well as they do, the most common responses blame it on issues beyond their grandchild's direct control such as societal problems, poor economy, and governmental issues.

Economy, Government, Society — The vast majority of grandparents who believe grandchildren will not live as well as they do (84%) cite reasons related to big picture societal issues, including government involvement, poor economy, national debt, a country in decline, too many or too little entitlements, lack of freedom, socialism, bad housing market, lack of safety/high crime rate, social problems. Some said times are just worse now.

Lack of Financial Security — Thirteen percent of these grandparents indicated reasons related to finances, including larger issues such as inflation, taxes, and high education costs.

Lack of Opportunity — There are grandparents in this category who feel there are fewer opportunities in general for their grandchildren (12%).

Lack of Values, Parenting, and Support — Eleven percent of these grandparents do believe personal and family issues are factors influencing a more negative future for their grandchildren. They gave reasons such as poor parental influence or lack of influence and parents without well-paying jobs.

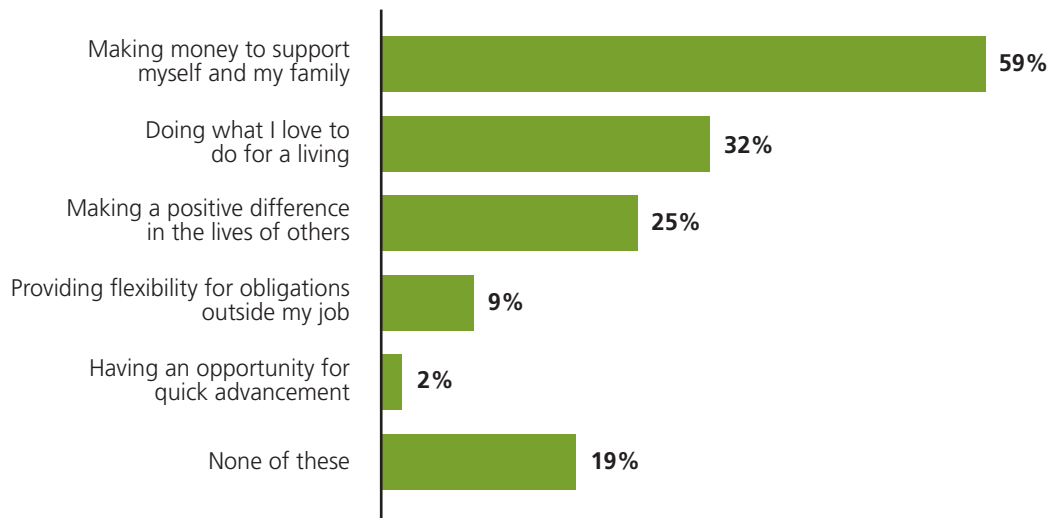
Grandchild's Traits and Behaviors — Four percent of these grandparents feel personal traits are key factors, including laziness.

Purpose, Legacy, and Work

The connection between values, legacy, and work was explored beginning with an examination of grandparents' focus and values around their own job and career path. More than half say they have worked primarily to support their family and themselves, but one-third do say they love what they do for a living. A quarter of grandparents said the primary focus of their jobs was making a positive difference in the lives of others.

Grandfathers are more likely to say their primary focus was to make money to support themselves and family (69%) than grandmothers (50%), but they are also more likely to say they are/were doing what they love to do for a living, with 37% of grandfathers compared to 29% of grandmothers expressing that view. Many more grandmothers say they work to make a positive difference in the lives of others though, with 31% of grandmothers in contrast to 17% of grandfathers.

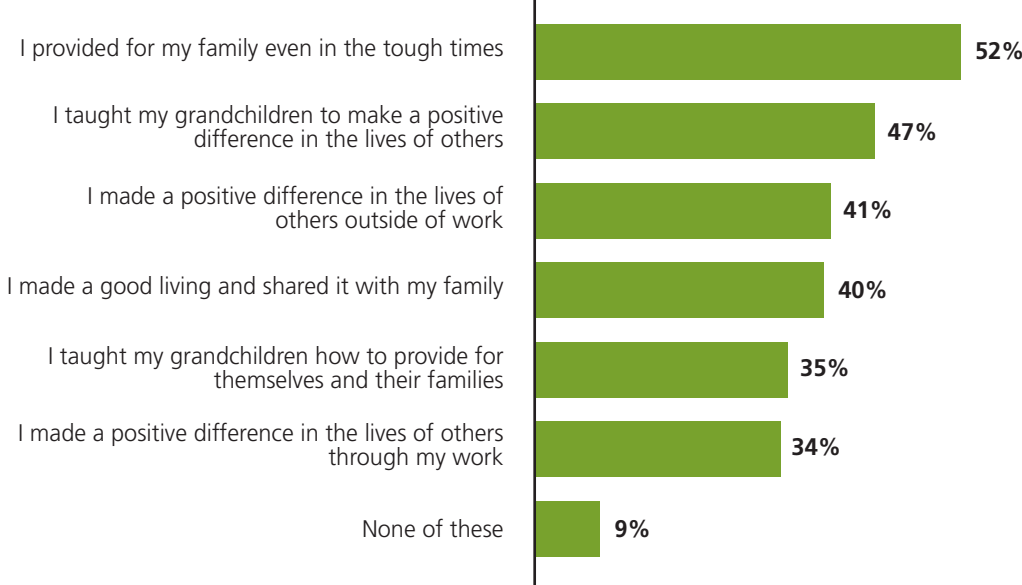
Figure 12: Primary Focus of Job or Career Path



Again looking ahead to the future, grandparents were asked how they want their grandchildren to see their legacy. Grandparents were given a list of responses and could choose more than one option. The recent economic downturn and grandparents' emphasis on work and values seem to have an influence in this area, with the top two responses selected as "I provided for my family, even in tough times" (52%) followed by "I taught my grandchildren how to make a positive difference in the lives of others" which 47% of grandparents selected.

Gender also comes into play when it comes to legacy, with grandmothers more likely to select responses that relate to making a positive difference in the lives of others, and grandfathers more likely to select responses related to work ethic. The one exception was a combination of these two aspects, “I made a positive difference in the lives of others through my work” which was fairly close at 32% of grandfathers and 34% of grandmothers.

Figure 13: How Grandparents Want Grandchildren to See Their Legacy

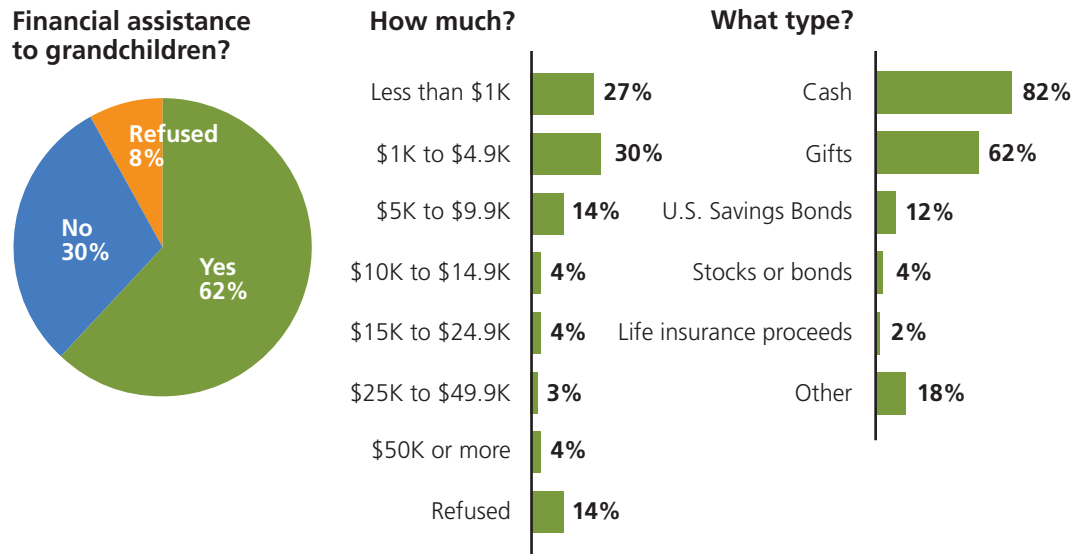


Finances: Generous Grandparents Sometimes Give Till It Hurts

Financial Assistance — No Matter What

Just over six in 10 (62%) grandparents have provided financial assistance or monetary gifts to their grandchildren either directly or through their parents in the past five years, with an average amount of assistance over that time period of \$8,289. Nearly 60% of grandparents have contributed up to \$5,000 in financial support, and 14% have given between \$5,000 and \$10,000, and 15% have contributed more than \$10,000. Grandparents largely provide cash (82%) or gifts (62%) for grandchildren, although 18% do give financial products.

Figure 14: Financial Assistance to Grandchildren

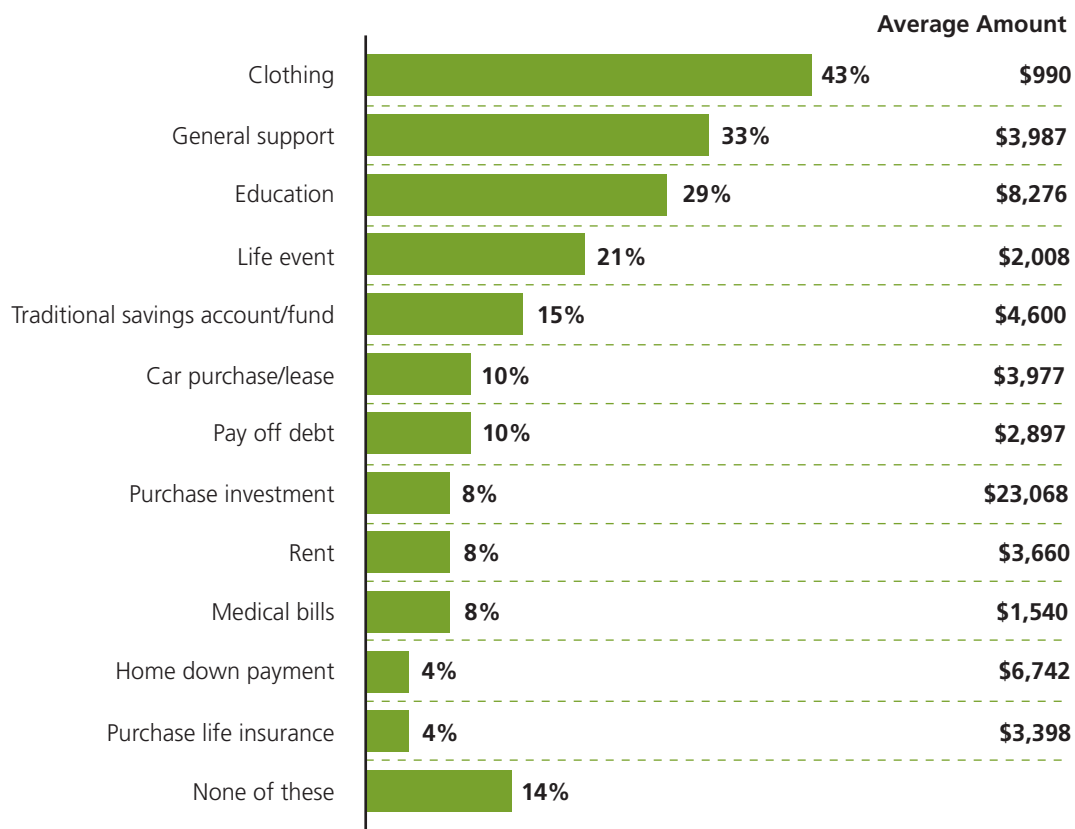


When it comes to a tough economy, grandparents are once again in a supporting role for their families — even when it hurts. Of the 62% of grandparents who say they provide financial assistance to children and grandchildren, more than four in 10 (43%) say they are providing more of it now than in the past due to the current economic conditions.

Just over one-third (34%) of these grandparents are providing financial support even though they believe their generosity is negatively affecting their own finances. Those grandparents are sacrificing their own financial situation in order to help their families.

This study found that today’s grandparents are practical when it comes to financial or monetary gifts. The vast majority (81%) of grandparents prefer to provide smaller gifts throughout their lifetime as needed for their adult children and grandchildren, although 19% do say it’s more important to leave a larger sum of money as a legacy when they die.

Figure 15: Reasons for Financial Assistance from Grandparents



Purposeful Giving Is a Priority

*Multi-Generational Views on Family Financial Obligations*⁹ (January 2012) found grandparents to be interested in the concept of “purposeful giving,” in other words, “they prefer to give grandchildren gifts that support education, training, or traditional forms of financial protection for their grandchildren, especially if they are young.” In an effort to learn more about grandparents’ financial support for grandchildren, grandparents were asked about specific ways they are spending their money when it comes to grandchildren.

The top three most common purposes for spending money for grandparents all point to the practical again — the basic needs of grandchildren. Grandparents continue to play the role of safety net for America’s families. They help out with clothing (at the top of the list with 43% of grandparents, general support (33%), which could include other basic needs such as housing and food costs, and education (29%).

Education has long been an important concern of grandparents. Almost one-third of the grandparents surveyed contribute in this area with an average amount over a five-year period of \$8,276. Among these education contributors, the most common type of assistance is paying for all or part of a grandchild's college tuition or college loans (32%.) Giving to a 529 college savings plan (29%)

"Their parents and [we] are starting a good education base early and are preparing them with financial support."

to help pay for college tuition is next in incidence, followed closely by more than a quarter paying for all or part of their grandchildren's pre-school through high school education. Fifteen percent of those who provide financial assistance for education do so to help with educational "extras" such as tutoring, enrichment programs, and other

supplemental supports. A few grandparents don't stop their support when grandchildren graduate from college; 7% of these grandparent education supporters help pay for all or part of graduate school tuition or loans. Of the grandparents who support educational needs of their grandchildren, 24% said they provide help for other expenses, which might include school field trips, educational supplies, or other needs.

Twenty-one percent of grandparents contribute to "life events" grandchildren experience, which may include a wedding, birth of a child, or another significant event in a grandchild's life. And 15% of grandparents contribute to traditional savings accounts or other type of fund.

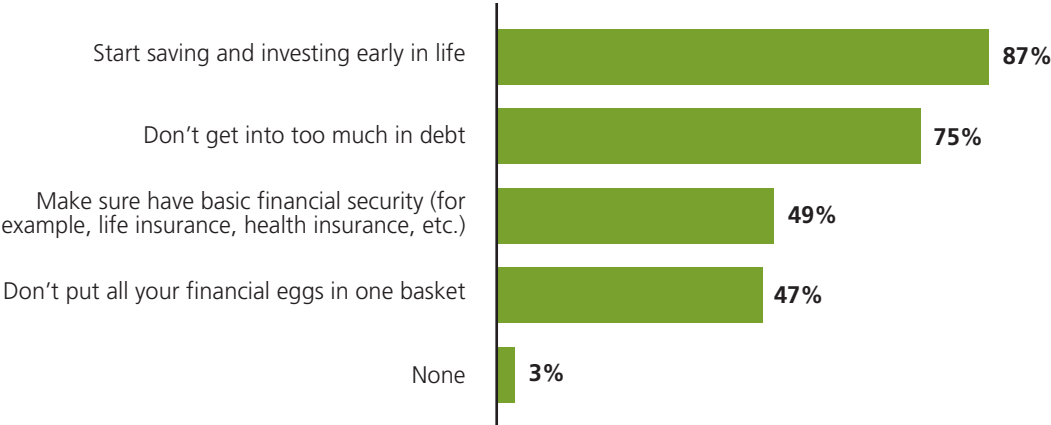
Another perspective on grandparent spending is focused on the average amount spent per grandparent over a five-year period. The largest amounts of money are not always in line with the highest percentages of grandparents contributing in that area. For example, while only 8% of grandparents purchase investments for their grandchildren, when it comes to the amount of money grandparents denote for specific purposes, the largest contribution goes toward investments with a per-grandparent average amount of \$23,068 over a five-year period. A big jump down goes to the second highest average amount of \$8,276 spent on education for grandchildren, but 29% of grandparents contribute in this area. Third is helping with a down payment on a home at \$6,742, although only 4% of grandparents say they give for this purpose.

"My grandkids have the biggest cheerleader in me. I have helped my grandson buy a car (he is still making small payments to me) and help with tuition if needed. As long as he continues on the path he is on I will help him in any way I can."

Financial Advice

While more than half of grandparents say passing down the value of financial security to their grandchildren is important to them, and 62% give their grandchildren financial assistance, only 36% say they actually provide financial advice to grandchildren. When grandparents do give advice, they are consistent with sound bits of advice focusing primarily on saving and investing early in life and staying out of debt.

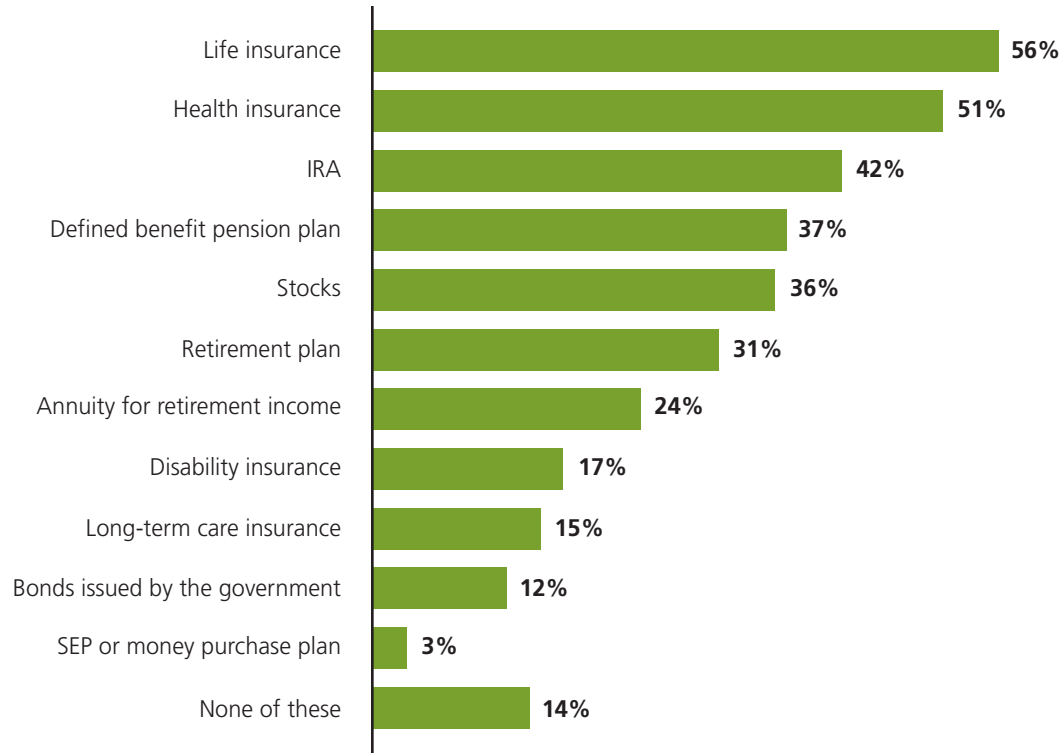
Figure 16: Financial Advice for Grandchildren (of those providing advice)



Focus on the Basics

Most grandparents own some financial products, with only 14% owning no products. Life insurance tops the list with 56% of grandparents owning a policy, followed by about half of grandparents owning health insurance from a current or previous employer.

Figure 17: Financial Products Owned



While most grandparents assign a family member as their beneficiary for life insurance policies, only 8% have grandchildren listed as their designee. However, 56% have their adult children as beneficiaries, and presumably this could benefit grandchildren as well. The average grandparent has around \$150,000 in life insurance, with those younger than age 55 and those with incomes of \$100,000 or higher reporting the highest amounts.

Figure 18: Type of Life Insurance and Beneficiaries

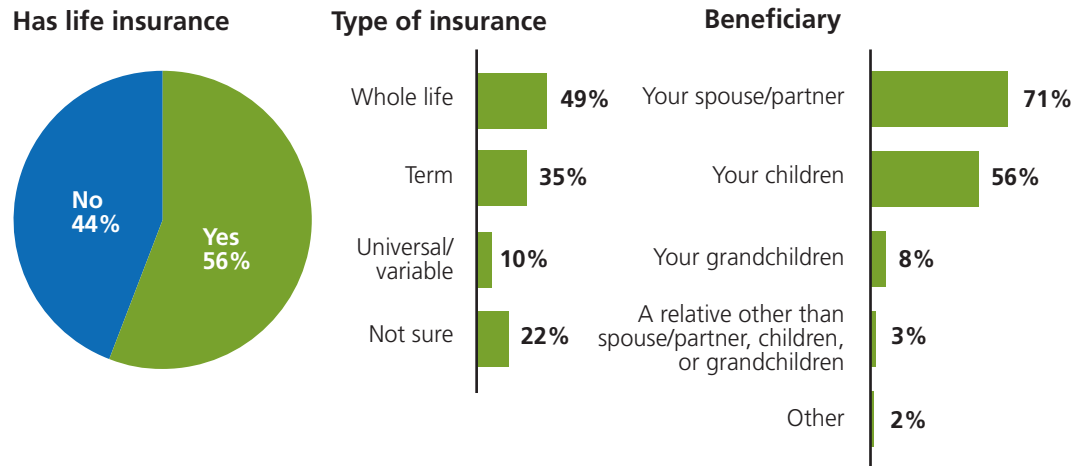
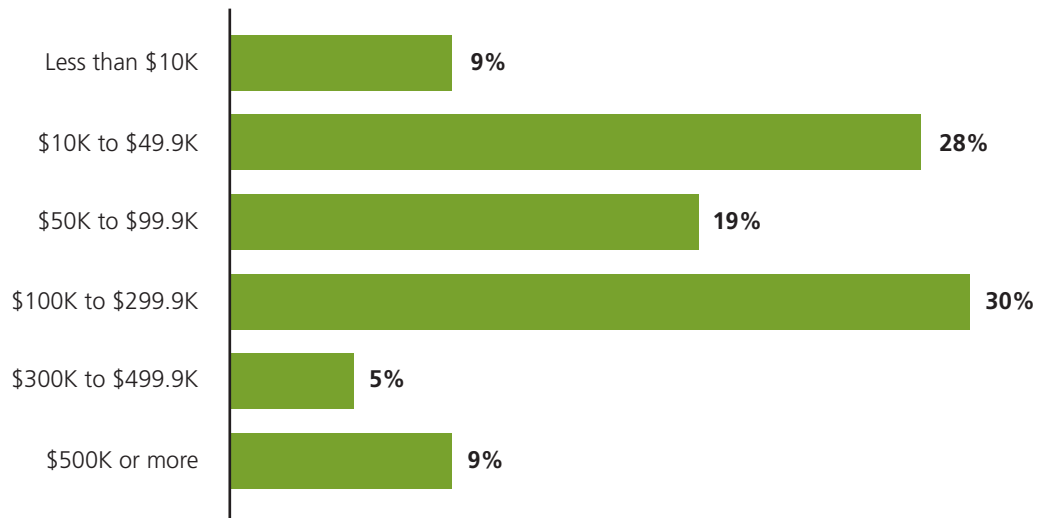


Figure 19: Amount of Life Insurance (of those with life insurance who reported amount)



Implications

For Grandparents

Using Technology and Enjoying It. In today's world, whether grandparents are living nearby or across the country, technology is the key to ongoing communication with grandchildren. Many grandparents use various forms of technology, such as email, Facebook, Skype, and texting to communicate with grandchildren — but they don't report enjoying these methods at the same rates at which they use them. It is probable that grandparents use these communication methods because their grandchildren are most likely to respond to them. Grandparents may want to take an online or in-person training on how to use these newer forms of technology, or better yet, ask grandchildren to give a tutorial — they may have fun taking on the expert role.

Your Sweet Spot: Grandchildren Ages 6 to 11. This age group seems to be the sweet spot for grandchild-grandparent interaction. Grandparents reported a great deal of activity with this age group. It seems to be the time when grandchildren are old enough to enjoy substantive intergenerational activities and communication together and not yet at the age where they tend to spend more time with friends than family. Grandparents can take advantage of this time in their grandchildren's lives by getting familiar with the children's interests and offering fun new experiences to grandchildren.

Shared Activities from a Distance. The most common reasons grandparents give for feeling close to grandchildren are staying in close contact and enjoying the same activities. Grandparents who don't live near grandchildren are at a disadvantage when it comes to this issue, but with the use of technology it is not impossible. Grandparents can pick a shared interest with a grandchild (or get interested in a topic in which their grandchild is involved) and make it a special connection between them. Activities around topics they both enjoy can be built from a distance using computers, talking on the phone, and even texting.

Grandparents As Champions. In today's world young people have many challenges to overcome as they go through life, including a difficult economy, rising higher education costs, and volatile job and housing markets. But grandparents largely said they believe that strong values, family support, and good upbringing are the best tools to overcome these challenges. Grandparents can contribute a great deal to these issues they see as being so important by providing positive reinforcement and attention to grandchildren. They can also act as strong role models, allowing grandchildren to see how they have learned from their own challenges and successes.

Taking Care of Grandchildren. Thirteen percent of grandparents in this study say they provide caregiving for grandchildren on a regular basis. Other grandparents may babysit on an intermittent basis. Grandparents who provide child care on a regular basis may need to consider their own finances if their child-caring responsibilities hinder their ability to earn income and save for retirement. Grandparents may want to set clear boundaries on their babysitting duties. They might educate themselves about child development and other training that would enhance their role as child caregiver.

Getting Grandchildren Involved in Civic Engagement. Grandparents are extraordinarily active in passing down values related to community involvement, public concerns, and participation in the American political process. Grandparents can pass this value along to grandchildren by discussing the importance of voting, taking grandchildren to public meetings and forums, and expressing excitement about their own civic engagement. Grandparents can be role models for grandchildren when it comes to these values; grandchildren learn by observing the actions and words of the adults around them.

Grandparents Give — Even When It Hurts. Grandparents are generous when it comes to their grandchildren, with 62% providing financial support in the past five years. They largely give cash or gifts, and the top three reasons they contribute are for clothing, general support, and education of grandchildren. Many grandparents feel the current needs of their family outweigh their own future financial needs. Unfortunately, 34% say they know their generosity is negatively impacting their own finances. These grandparents, and perhaps many others, may be jeopardizing their own retirement either now or in the future. Grandparents should consider their own futures when planning gifts and support for adult children and grandchildren. If grandparents jeopardize their own financial security in retirement by giving too much to their families, they may someday be financially dependent upon these loved ones, which isn't such a gift in the long run.

Grandparents As Financial Advisors. More than half (55%) of grandparents say financial security is an important value for them to pass down to grandchildren. Yet, only 36% of grandparents offer financial advice to grandchildren. Given their interest in instilling this value in their grandchildren, grandparents might consider finding ways both they and their grandchildren are comfortable with in offering advice about the basics of managing finances. A little sound advice with their gifts might help ensure more financial security for their grandchildren's futures.

For Parents (Adult Children)

Facilitators of Communication. As grandparents do their best to communicate with grandchildren, parents play a key role in facilitating the interactions. The use of technology to communicate is clearly vital, especially with long-distance grandparents. With younger children in particular, parents can aid the development of a bond between grandparents and grandchildren by scheduling regular times to talk on the phone, video chat, or connect in other ways. Parents can also help grandparents gain familiarity with common communication technology tools that their grandchildren like to use, such as text messaging and Skype.

Keeping Grandparents in the Loop. As grandparents try to build close relationships with grandchildren around shared activities, parents can help by informing grandparents about their children's interests, hobbies, school and sports events, and other endeavors. Keeping grandparents up to date on important schedules and events in their grandchildren's lives gives them the ability to connect around things that are important to their grandchildren.

Grandparents As Allies. Grandparents' interest in passing down values and supporting grandchildren in both tangible and intangible ways make them perfect allies for parents in raising their children. Parents can see grandparents as a resource to enhance their children's lives. They can call on grandparents to reinforce the values they are teaching their children and help teach them practical skills such as financial management and civic engagement. Grandparents can be role models for grandchildren that parents can rely on.

For Professionals

Helping Grandparents Use Technology to Communicate with Grandchildren.

There is opportunity to educate and help grandparents build relationships with grandchildren by using technology. Grandparents could benefit from user-friendly access to communication technology, as well as online and in-person basic training about how to use tools such as video chatting and text messaging with grandchildren to increase their enjoyment of these increasingly common tools that connect the generations.

Grandparents As a Growing Resource for Children and Youth. Grandparents have a keen interest in their grandchildren's lives, and they believe that strong values, family support, and good upbringing are the best tools to overcome the challenges of their grandchildren's lives. These grandparents should be seen as a remarkable growing natural resource poised to support our children and youth. They should be recruited as mentors, volunteers, and role models for their grandchildren. Schools and community programs should be aware that grandparents are desirous of passing down life skills, character traits, and other important values, and find ways to tap into their involvement.

Family Volunteering. Half of grandparents want to pass down the value for volunteering, but only 7% of grandparents say they volunteer with grandchildren. Volunteer organizations could help grandparents find ways to involve their adult children and grandchildren in family volunteering opportunities. They might build on common grandparent-grandchild activities and suggest ways to integrate volunteering into family gatherings. Grandparents may be the most likely family members to have the time and interest to plan such activities.

Grandparents Providing Child Care. Significant portions of grandparents are providing care for America's children. This segment of grandparents could benefit from targeted information and services to do this very important job to the greatest benefit of their grandchildren. Are they up on the current practices to prepare their grandchildren for school? Do they have the latest health and child development information? Are they aware of how to identify special needs of their grandchildren? Some grandparents care for grandchildren because of a change, crisis, or challenge in the family. They may be the legal guardian of the child, the child may be raised by a single parent, or the child may not have parents at all. These grandparents may need additional resources such as information on how to access public benefits or health care for grandchildren.

Creating Opportunities for Interactive Activities. Grandparents indicated certain common activities with grandchildren. Businesses and non-profit organizations may support grandparents with activity ideas and enhancement in several areas, including:

- **Going out to eat** — Restaurants would be wise to recognize this is as a very common intergenerational activity and create special opportunities for grandparents and grandchildren to dine out in affordable, kid-friendly settings for younger grandchildren, fun atmospheres for pre-teen and teenage grandchildren, and more sophisticated venues for the over 21 crowd. But these dining out events need to be affordable and comfortable for grandparents as well.
- **Grandparents Day** — With the majority of grandparents aware of National Grandparents Day, which in 2012 falls on September 9th, this holiday is ripe to grow as a tradition for celebrating the role of grandparents. But the question is, are their children and grandchildren aware of it and do they have ideas about how to celebrate? Businesses, schools, and organizations have the opportunity to provide families with ways to honor and celebrate grandparents. Activities grandparents like to do with grandchildren such as going out to eat or outdoor activities should be targeted, as well as venues for family volunteering and celebrations. For more information, visit www.grandparentsday.org.
- **Vacations** — About four in 10 grandparents spend vacations with grandchildren, and for grandchildren over age 21, spending vacations together ranks highest. There may be additional opportunities for the travel industry to create special experiences for grandparents to take older grandchildren on more extensive trips as adults together, as well as to places like theme parks for grandparents with younger grandchildren.

- **Family Ties** — When it comes to family, heritage, and cultural background, grandparents gave the highest ranking to the importance of preserving family ties (67%). It may be that older Americans are more concerned about maintaining their immediate family's sense of connection, given the fact that 80% of grandparents have grandchildren living more than 50 miles away. This scenario presents opportunities for professionals to help with family websites, family reunions, and other vehicles for preserving family ties.
- **Financial Services for Grandparents** — The generosity of grandparents can sometimes impact their own financial well-being. These grandparents may need substantial financial education and support from financial service providers to optimize their remaining resources.
- **Purpose vs. Dollars Spent** — When targeting the grandparent market, businesses would be wise to consider not just the percentage of grandparents who contribute financially for their grandchildren, but to weigh that against the actual dollar amounts contributed. For example, the highest percentages of grandparents contribute for clothing, at an average amount of \$990 over a five-year period. However, only 8% of grandparents purchase investments, but at much higher rates — they spend an average of \$23,068 over that same five-year period.
- **Estate Planning** — Financial product service providers should be aware that 81% of grandparents want to give smaller gifts as their children and grandchildren need them rather than saving up to leave a larger inheritance when they die. This may increasingly affect the way older Americans manage their budgeting, retirement, and estate planning.

Methodology

The findings in this report were based on an online survey conducted by Harris Interactive on behalf of the MetLife Mature Market Institute between April 4, 2012 and April 11, 2012. The nationally representative sample included 1,008 grandparents age 45 or older who were selected from among Harris Interactive's online research panel. The data were weighted to be representative of the general age 45 and older population (not just the online population) of the United States.

Demographics

| Age | |
|------------------------------------|-----|
| 45-49 | 8% |
| 50-54 | 12% |
| 55-59 | 16% |
| 60-64 | 17% |
| 65+ | 47% |
| Ethnicity | |
| White | 82% |
| Black/African-American | 8% |
| Hispanic | 8% |
| Other | 1% |
| Gender | |
| Male | 44% |
| Female | 56% |
| Marital Status | |
| Never married | 1% |
| Married/civil union | 68% |
| Divorced/Separated | 17% |
| Widowed | 9% |
| Living with partner | 4% |
| Education | |
| High school or less | 34% |
| Some college/job-specific training | 27% |
| Associates degree | 8% |
| College 4 years | 13% |
| Post graduate | 17% |
| Income | |
| Less than \$15K | 8% |
| \$15K to \$24.9K | 9% |
| \$25K to \$34.9K | 10% |
| \$35K to \$49.9K | 13% |
| \$50K to \$74.9K | 22% |
| \$75K to \$99.9K | 14% |
| \$100K or more | 23% |
| Employment Status | |
| Employed full-time | 22% |
| Employed part-time | 7% |
| Self-employed | 7% |
| Retired | 43% |
| Stay-at-home spouse/partner | 7% |
| Not employed | 13% |

Endnotes

- 1 Pew Research Center. 2010. *The Return of the Multi-Generational Family Household*.
- 2 AARP Public Policy Institute. 2011. *Fact Sheet: Multigenerational Households are Increasing*.
- 3 MetLife Mature Market Institute. 2011. *The MetLife Report on American Grandparents: New Insights for a New Generation of Grandparents*.
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- 5 Generations United. 2011. *Family Matters: Multigenerational Families in a Volatile Economy*.
- 6 GrandFacts used data taken from the U.S. Census Bureau 2005-2009 American Community Survey 5-Year Estimates, Detailed Table B09006 and Subject Tables S1001 and S1002. www.grandfactsheets.org
- 7 U.S. Census Bureau. Spring 2010 (SIPP 2008.) *Who's Minding the Kids? Survey of Income and Program Participation (SIPP)*.
- 8 U.S. Census Bureau. 2009. *Voting and Registration in the Election of 2008*.
- 9 MetLife Mature Market Institute. 2012. *Multi-Generational Views on Family Financial Obligations: A MetLife Survey of Baby Boomers and Members of Generations X and Y*.

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