



The Impact of Family Structure on Aspects of Retirement

JUNE | 2025

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The Impact of Family Structure on Aspects of Retirement

A Collection of Essays

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The Impact of Family Structure on Aspects of Retirement

A Collection of Essays

Introduction and Acknowledgments

INTRODUCTION

The Society of Actuaries Aging and Retirement Strategic Research Program issued a call for essays to examine the dynamics at play in how various aspects of retirement and resource sharing are considered among different family structures. It is the goal of this collection to provide a broad range of perspectives in this area.

The collection includes five essays that were accepted for publication from all submissions. Two essays were chosen for prizes based on their creativity, originality, and promotion of further thought in this area:

Prize Winner **Adoption and Retirement**
Mark Spong, FSA, CERA, MAAA

Prize Winner **Single-Person Households and Aspects of Retirement**
Gregory Whittaker, FSA, FASSA

THE CALL FOR ESSAYS

BACKGROUND AND PURPOSE

Over the past few decades, family structure in the US has become more differentiated through a number of factors including current trends in marriage, partnerships, divorce and living arrangements. Growing numbers of families with structures that differ from what has been considered a “nuclear family” (father, mother and biological children in the same house) may face an added layer of complexity to many of the challenges and decisions that families need to address. In addition, the reduction in fertility rates has reduced the number of children per family and increased the number of childless families.

Some examples of differing family structures include:

- Multigenerational households
- Older adults with roommates
- Single adult households
- Single parent households
- Same-sex marriage households, with or without children
- Dual-income, no kids (DINK) households
- Blended family households
- Families of choice

Among the issues that families often face is how to plan for and achieve a secure retirement for family members that may be approaching retirement or are already in retirement, as well as addressing other aspects of retirement.

Often there are gaps in planning that can lead to less than desirable outcomes. As part of this, family members may take on different roles and responsibilities, or none at all.

Given the trends in differing family structures and living arrangements, the Society of Actuaries Aging and Retirement Strategic Research Program (ARSRP) is interested in an examination of the dynamics at play in how various aspects of retirement and resource sharing are considered among the different structures. The ARSRP is issuing this call for essays with the goal of publishing a collection of essays that represent a broad range of perspectives in this area.

Authors may wish to familiarize themselves with previous work of the SOA Research Institute including the following summary report [Family is Important for Retirement Security \(soa.org\)](https://www.soa.org/Research-and-Statistics/Research-Institute/Family-Is-Important-for-Retirement-Security/) and previous iterations of the biennial Retirement Risk Survey [Post-Retirement Needs and Risks | SOA](https://www.soa.org/Research-and-Statistics/Research-Institute/Post-Retirement-Needs-and-Risks/). A desired aspect of this effort is to further expand the work of the SOA Research Institute in this important area.

SAMPLE TOPICS OF INTEREST FOR ESSAYS

The ARSRP is seeking essays that address the impact of family structure on various aspects of retirement. This invitation has been deliberately written broadly to allow respondents the flexibility to address this topic from one or more perspectives and approaches. Respondents are free to choose from one or more of the following sample topics below or consider others that fall within the scope of this call for essays as described in the above section. The sponsors are interested in the impact of these issues for a variety of stakeholders.

Case studies and personal experiences on any of these topics are welcome.

Please note that the list below is not meant to be exhaustive but merely examples of proposed topics that may be considered.

Sample topics include:

- To what extent do members in different family structures, such as extended families, pool their resources for retirement purposes?
- How do longer times until marriage and lower marriage rates impact family structure, family size, and planning for retirement?
- What is the nature of resource sharing with regard to retirement across generations, and how does it differ among family structures? What is expected and what is actually happening with regard to children helping parents and parents helping children?
- How does resource sharing for retirement purposes differ by factors such as race, ethnicity, cultural heritage, region, and religious background among family structures? To what extent are these factors independent of or dependent on socio-economic level?
- To what extent do families of choice support each other in retirement and how? For instance, do they plan together? What data and information exists about how and whether they share retirement resources and manage them in retirement?
- What specific retirement issues arise based on the geographic location of immediate and extended family members, i.e., members that live close to each other vs. members living far apart?
- How will smaller family sizes affect the number of available family caregivers and level of support in retirement?
- Will trends in LGBTQ+ marriages and partnerships have a significant impact on resources and financing of retirement for both individual households and society at large?
- What are retirement issues that arise for blended families, which include children from previous and current marriages/partnerships?

- What approaches are there for encouraging retirement planning by families? How would it differ for various family structures?
- Are parents of adult "boomerang children" (children who have returned to live with parents after reaching adulthood) facing additional challenges or delays in achieving their retirement goals?
- Are single adult households less prepared for retirement? Does the analysis change if they have roommates?
- Are high costs (e.g. housing, childcare) preventing single-parent households from meeting retirement goals?
- Are DINK (dual-income, no kids) households better prepared for retirement than the general population? Do these families have distinct retirement goals?

ACKNOWLEDGMENTS

The SOA Research Institute Aging and Retirement Strategic Research Program thanks the Project Oversight Group (POG) for their careful review and judging of the submitted essays. Any views and ideas expressed in the essays are the authors' alone and may not reflect the POG's views and ideas nor those of their employers, the authors' employers, the Society of Actuaries, the Society of Actuaries Research Institute, nor Society of Actuaries members.

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Prize Winner

Adoption and Retirement

Mark Spong, FSA, CERA, MAAA

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INTRODUCTION

The following personal essay is written by Mark about his family's personal experiences. Mark is an actuary who studies mortality and his brother is a fee-based financial advisor who helps people meet their retirement goals. All the family details are true.

Every family's story is unique. This particular story of two brothers includes untimely deaths, adoption, money challenges, and big retirement goals. Through sharing pieces of our family's story, I hope to offer practical insights for navigating retirement challenges that arise from unique family situations like adoption, intergenerational caregiving, and financial planning amidst uncertainties.

UNEXPECTED CHANGES TO FAMILY STRUCTURE

Our biological parents died young, and my brother and I were adopted and raised separately. With our adoptions, each set of adoptive parents faced an unexpected change to their family structure. How did this impact their retirements? Our adoptive parents were from different generations, and therefore in different stages of their retirement journeys when this change to their family structure took place.

My brother was adopted by our maternal grandmother and step-grandfather. They were of the Silent Generation, and having lived through the Great Depression and World War II, they valued thrift and stability, preferred low-risk savings, and were reluctant to discuss finances openly. Given their ages, they both retired relatively early in my brother's life. As an occupational therapist and a veteran/warehouse foreman, they had saved for retirement but perhaps had not planned for the costs of raising another child. Cancer cut off their primary source of income and they lived frugally, but they worked during the years when pension plans were prized as a gold standard to safeguard against hardship, so their retirements felt secure. My brother attended college on a scholarship, because paying for college had not been part of his adoptive parents' retirement plan.

I was adopted by our maternal aunt and uncle who had no other children. As Baby Boomers, they benefited from economic growth in their prime working years as a nurse and a geologist, which allowed them to approach retirement planning with more optimism about investing and future growth. My parents saw the industry's shift from Defined Benefit to Defined Contribution plans as an opportunity for workers to be more self-directed and to capitalize on booming markets. With many working years left at the time when they adopted me, they could adjust their retirement plans to include raising a child and college savings.

Our adoptive parents' experiences highlight not only how retirement has changed over the generations, but also the importance of considering unexpected changes to family structure when planning for retirement.

INCREASINGLY COMPLEX FAMILY STRUCTURES

My brother and I each started our careers as math teachers and then transitioned to the retirement industry. My brother became a financial planner, while I became an actuary focusing on mortality for life, annuity, and pensions. During this time, our family structures led to more complex needs. How did this impact the beginning years of our retirement journeys? Increasing our incomes was important, but we found ourselves needing flexibility most of all.

As my brother was beginning his career as a financial advisor, his adoptive father was diagnosed with Alzheimer's disease. Before transitioning to full time memory care, my brother's adoptive father needed him to be the primary caregiver with regards to paying bills, getting to medical appointments, and maintaining social relationships. In these years, my brother needed to prioritize taking care of an aging parent over retirement planning.

As I was beginning my career as an actuary, I both lost my adoptive father to cancer and fought a cancer battle myself. These experiences combined with studying mortality every day as an actuary resulted in my decision to work part time for a few years. During these years, I found I needed to bring some of the time I'd have in retirement forward to today and prioritize spending time with my kids while they were young.

Our experiences caring for aging parents and experiencing health crises in our early working years are just two examples of how a complex family structure can impact one's retirement journey. These days, living a life of linear financial progress through a 40-year career that ends with a pension is the exception, not the norm. As family structures have become more complex, the ability to build up an optimized retirement plan with the exact assets, insurance, and income needed has become increasingly difficult.

Along with complex family structures, longevity, inflation, taxes, and markets all conspire to make financial planning an ongoing process. An investment or insurance product with locked in features that made perfect sense years ago could be rendered unsuitable or downright wrong for someone today. Products that require long holding periods, that have very limited applications, or that require a high proportion of someone's net worth may not offer the flexibility needed by people planning for or living in retirement today. Life insurance with living benefits including Long-Term Care Riders can solve multiple needs and reduce the risks that premium dollars get "wasted," especially if premium payment methods are flexible. Roth IRAs can offer access to contribution dollars in the pre-retirement phase of life, before 59.5 and beyond when growth is available penalty free.

COMPLEX RETIREMENT GOALS AND FAMILY DYNAMICS

As our careers have progressed, our retirement goals have become more complex. Family dynamics including inheritance have also come into play. How has adoption and emotionally charged family relationships impacted our future retirements? It has become increasingly clear that family conversations about finances and retirement are crucial.

When my brother's adoptive parents died, he and his adoptive siblings were each left a modest inheritance. As a Certified Financial Planner with years of experience helping others with retirement planning and wealth management, an inheritance means that he has a path to retirement that is a function of his savings and investment and independent of future inheritance.

Mark's retirement future is more uncertain and entwined with other financial goals influenced by his family structure. For example, one of Mark's goals is to have a multi-generational property with space for his adoptive mom to live close by and potentially a starter home for his kids. Rising housing costs means that achieving this dream may delay his retirement by decades.

We have seen firsthand that complex goals are made even more complex when inheritance is considered. Most advisors agree that banking on any sort of inheritance for retirement is risky at best and generally not recommended. Still, over the next twenty years, the Great Wealth Transfer refers to the expected transfer of tens of

trillions to be passed down from Baby Boomers to younger generations. Without some frank conversations, Gen X and Millennials like me risk misplanning for a windfall or unexpectedly needing to financially support an aging parent.

While financial products can help, ultimately advisors need to engage families across the generations, especially in cases where adoption and other complexities are present. There are many reasons why a person may avoid talking about finances with their parents; however, it is imperative for the older and younger generations to have meaningful dialogues about the possibilities of ‘surplus assets,’ and the needs, wants, and wishes for everyone concerned. As a family’s structure and retirement goals become increasingly complex, good communication and robust scenario analysis can help the family make sense of the possibilities.

CONCLUSIONS


Financial planning, together with aging parents, around their needs and inheritance wishes is not made any easier by dynamics such as untimely death, adoption, or cognitive decline. The messiness of regular life and the need for flexibility make Roth IRAs, hybrid life insurance with long-term care riders, and flexible pay products more adaptable to uncertainties all families face. Regardless of what makes a family structure unique, it will have an impact on how people discuss money with those they love, how people set short and long term goals, and ultimately the tools and services they use to save and plan for retirement.

My brother and I are both fortunate in that our professional lives have equipped us to navigate some of these life and retirement challenges. We have come to recognize that financial planning is not just about numbers—it's about adapting to life's unexpected turns while respecting each family member's needs and goals.

From my messy family to yours, happy retirement planning.

* * * * *


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Prize Winner

Single-Person Households and Aspects of Retirement

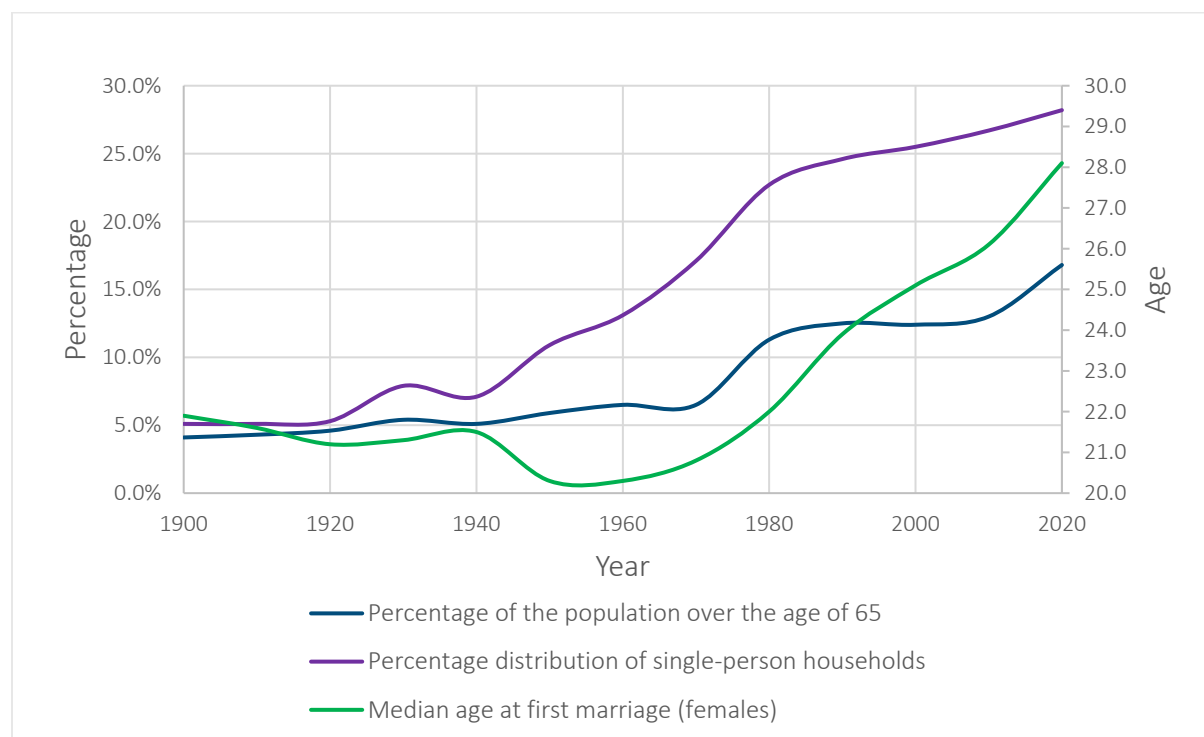
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INTRODUCTION

A single-person household is a household consisting of one individual living alone in a housing unit, without any co-residents, family members, or roommates. From 1790 to 1890, the percentage of single-person households in the United States remained between 3% and 4% of all household sizes. In contrast, the percentage of single-person households has risen from 5.1% in 1900 to 28.2% in 2020 (Figure 1). The rise in single-person households is driven by a complex interplay of demographic shifts, economic conditions, and social changes. Some demographic shifts that can be associated with the increase include the increase in the median age at first marriage and an aging population (Figure 1).

Figure 1
BROAD DEMOGRAPHIC TRENDS IN THE UNITED STATES 1900-2020



Source: United States Census Bureau, Decennial Censuses, 1890 to 1940, and Current Population Survey, March and Annual Social and Economic Supplements, 1947 to 2020.

Kreider & Vespa¹ explored shifts in the demographic traits of single-person households over time. Higher life expectancy among men is correlated with a reduced likelihood of single-person households, while higher per capita gross domestic product (GDP) correlates with a greater likelihood of individuals living alone. Men's life expectancy impacts the trend in single-person households, as older married women are less likely to live alone if their husbands live longer. GDP per capita serves as a proxy for economic conditions, reflecting factors such as individuals having enough disposable income to support independent living and the availability of housing that accommodates this lifestyle.

The association between single-person households and GDP per capita is reflected worldwide.

A visualization of the share of single-person households plotted against GDP per capita from 1985 to 2018 can be observed at the following link: <https://ourworldindata.org/grapher/one-person-households-vs-gdp-per-capita?time=2018>.

The purpose of this article is to discuss the impact of the growth in single living within the context of the retirement landscape, focussing on aspects such as mortality, health, environmental impacts, the timing of retirement, care giving, and inflationary effects.

MORTALITY

Ng *et al.*² examined the relationship between living alone and mortality risk among older adults in Västerbotten County, Sweden, by integrating data from two comprehensive longitudinal datasets. The study analyzed data from 22,226 men and 23,390 women aged 50 and 60 years who participated in the Västerbotten Intervention Program from 1990 to 2006, totaling 445,823 person-years of observation. Men and women living alone without children at home had a significantly higher risk of mortality compared to those living with a partner and children at home (adjusted hazard ratio [HR]: 1.38 for men; 1.27 for women). Living alone was a stronger predictor of mortality than several chronic disease risk factors or lack of social capital. Hence, interventions focusing on enhancing social support and designing community-based preventive strategies may mitigate the adverse health effects associated with living alone.

Using data from 4,888 participants of the English Longitudinal Study of Ageing, transitions in living arrangements between 2004–2005 and 2008–2009 were analyzed by Abell & Steptoe,³ alongside subsequent mortality over an average follow-up of 8.5 years. Participants living alone had a higher risk of mortality (hazard ratio [HR]: 1.20; 95% Confidence Interval: 1.04–1.38). Those transitioning to living alone following divorce or bereavement exhibited an even greater risk (HR: 1.34; 95% Confidence Interval: 1.01–1.79), whereas moving to living alone for other reasons showed no increased mortality risk. Psychosocial factors, including depression, loneliness, and mobility impairments, partially explained these associations, though two-thirds of the relationship remained unexplained. Targeted interventions addressing loneliness, mobility, and social support are considerations to mitigate these risks among older adults.

HEALTH

Lee & Lee⁴ investigate differences in health behaviors, health status, disease prevalence, and medical needs between one-person elderly households and multi-person households in Korea. Data from the 2017 Community Health Survey were analyzed, encompassing 66,211 individuals aged 60 or older. Health behaviors (nutrition, exercise, smoking, and drinking), subjective and objective health status, disease prevalence, and medical access were compared between one-person and multi-person households. One-person elderly households exhibited poorer health behaviors, including less exercise, higher salt intake, and lower nutritional knowledge. They reported worse subjective health, higher levels of stress, and greater prevalence of depression. Objective health markers, such as disease prevalence, were significantly higher in one-person households. Moreover, barriers to accessing healthcare, including regular health exams and dental care, were more pronounced in single-person households.

This study underscores the heightened medical vulnerabilities of elderly individuals living alone. Comprehensive policy interventions, including health promotion programs and enhanced healthcare accessibility, are essential to address the unmet needs of this growing population.

ENVIRONMENTAL IMPACTS

Williams⁵ notes that within the United Kingdom (UK) context, one-person households consume more resources per capita, such as energy, land, and materials, than larger households. This trend is expected to increase resource demand and environmental strain over the coming decades. Affluent single-person households have a higher ecological footprint, impacting energy and material consumption significantly. It is noted that while the UK government acknowledges the environmental impact of this demographic shift, current policies lack targeted measures to address the inefficiencies of single-person households. Existing policies focus on general recycling, carbon reduction, and housing density but lack specific strategies for this group's resource demands. Williams suggests various policy options, including fiscal incentives or taxes on under-occupied housing, redesigning council tax to reflect household occupancy, and increasing the availability of smaller, efficient housing. Additional recommendations emphasise educating single-person households on greener lifestyle choices and implementing a national land-use strategy to manage housing demand sustainably.

While an increase in council tax to reflect household occupancy could promote more efficient resource use, it risks placing undue financial and social pressure on single-person retirees. Balancing environmental objectives with the needs of vulnerable populations will be critical to ensure equitable and sustainable outcomes.

TIMING OF RETIREMENT

Eismann, Henkens, & Kalmijn⁶ use data from the Netherlands to examine non-financial reasons as to why single workers prefer to retire later than their partnered counterparts. The authors found that single workers attribute more social value to work as a source of social interaction and structure, which partners may already gain from their relationships. The study also emphasizes the influence of spousal preferences on partnered workers' retirement choices. Spouses can either "push" workers to continue or "pull" them toward retirement, shaping their retirement timing.

The insights provided emphasize the importance for policymakers to consider relationship status and social contexts when designing retirement-related programs or interventions. For single older workers, targeted efforts to facilitate social integration post-retirement could help address concerns about losing work's structural and social benefits. Future research should explore the broader implications of these findings across diverse contexts, ensuring that retirement policies are inclusive and responsive to the evolving demographics of aging populations.

CAREGIVING

Pacheco Barzallo *et al.*⁷ observe that as single-person households increase, traditional family caregiving becomes less viable. This trend is coupled with a higher labor force participation by women and declining fertility rates, leading to a decline in the availability of unpaid family caregivers. Consequently, health systems are under pressure to transition from relying on family caregivers to professional home care solutions. The study estimates the economic value of caregiving tasks, showing the significant costs that would arise if professional care replaced unpaid family caregivers.

To address caregiving gaps in single-person households, the study advocates for adapting long-term care policies to reflect demographic realities, ensuring the sustainability of caregiving support.

Various policy recommendations could include expanding home-based care services, developing technological solutions (such as the use of telehealth, wearable devices and other technologies to monitor health), encouraging

co-housing arrangements or shared caregiving cooperatives for single retirees to pool resources and support, and introducing tax breaks or financial support for retirees needing care or to incentivize caregivers.

INFLATIONARY EFFECTS

One-person households may have different consumption patterns compared to larger households. They might spend more on convenience goods and services, which could drive up prices in those sectors. As demand shifts towards products and services tailored for individuals, this could lead to localized inflation in those markets.


Hsueh, Lin, & Peng⁸ discuss the characteristics and housing decisions of single-person households in Taiwan. The study indicates that the number of single-person households is rising significantly, with increasing preferences for homeownership and larger living spaces. This growth in demand, especially in urban areas, can place upward pressure on housing prices and rents, contributing to inflation. The concentration of single-person households in urban centers leads to higher demand in already constrained housing markets. The resultant price increases for housing could have a cascading effect on overall living costs. Single female households are increasingly becoming homeowners and seeking larger spaces, which could alter traditional housing market dynamics, influencing demand and prices in certain segments.

CONCLUSION

The rise of single-person households has profound implications for retirement, encompassing aspects of health, mortality, caregiving, environmental sustainability, and economic pressures. Single retirees face heightened health risks and vulnerabilities, underscoring the need for targeted healthcare policies and social interventions. The environmental impact of single living necessitates consideration of innovative policies to address resource inefficiencies without disproportionately burdening retirees. Additionally, caregiving systems must evolve to accommodate the declining availability of unpaid family caregivers, while retirement policies would benefit from considering the unique social and structural needs of single workers. Finally, the inflationary effects of single-person households on housing and consumer goods emphasize the need for inclusive economic strategies. A comprehensive approach that balances social, economic, and environmental concerns is essential to ensure the well-being and sustainability of this growing demographic.

* * * * *


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Family Structure and Retirement: Anthropological Insights

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INTRODUCTION

Risk management and actuarial science are among the most multidisciplinary of fields—and by its very nature, retirement risk is perhaps as multidisciplinary as any area with which actuaries and risk analysts commonly engage. The timing of an individual's decision to retire, how best to structure a private or public pension plan, and the quantitative analysis necessary to determine a plan's financial condition all involve considerations across a wide range of interrelated and dynamically evolving factors. Financial, socioeconomic, political, medical, and behavioral factors are just a few of the areas that together form the operating framework of a retirement plan.

That people organize themselves into family units and other social groups, as well as the eventual occurrence of old age and the issues surrounding that reality, have been facts as old as the human species itself. Nevertheless, the idea of a formal retirement or pension plan framework to address old age is relatively recent. Furthermore, that retirement framework can and does take many different forms across various cultures—if it exists at all.

In this essay, I advocate for an awareness and appreciation of **what the field of anthropology can tell us about attitudes regarding retirement and the elderly, in a cross-cultural context**. I also hope to provide a very high-level outline of some of the key anthropological and sociological findings and issues relevant to retirement.

When discussing and considering retirement issues, anthropological knowledge has the potential to have value and importance for several reasons:

- A holistic approach to considering and solving issues in any multidisciplinary “complex system” involves **comprehending the underlying dynamics of the system**—especially when **human decision-making**, always a tough nut to crack in terms of algorithmically describing and modeling behavior, is involved.
- Over time, **different cultures have evolved various family structures and attitudes toward the elderly**. As the nature of family structure changes and evolves—and as those changes accelerate—an understanding of different family contexts and solutions cross-culturally can be helpful to both identify potential changes or opportunities regarding retirement issues, and brainstorm possible responses to those evolving family circumstances.
- Global communication and awareness of new or different patterns and approaches to things have become almost instantaneous. We can expect that **any tendencies or evolutionary developments in one society have the potential to be recognized and adopted in other societies**, quickening the evolution and enhancing the diversity of any given society or population.
- Understanding the contextual evolution of different family structures will enhance our ability to **quantify and parameterize the possibility of further family structural changes** emerging or continuing.

- With any mathematical formula, or actuarial technique, understanding the foundational assumptions upon which the technique is built is essential: only with that knowledge can its applicability be properly assessed when the current conditions differ from those assumed to underlie the technique. An appreciation of how cultures different from our own have dealt with old age and retirement may allow us to judge **how robust our retirement solutions are to gradual changes in family structure**.

GENERAL ANTHROPOLOGICAL INSIGHTS ABOUT RETIREMENT

While there is a long tradition of anthropological research on the topic of retirement, grand conclusions from this research have been rather limited. This is at least in part because of difficulty *defining* “retirement”: while those of us in Western, industrial societies have a common frame of reference for what we mean by the term, it has not been so easy to identify a cross-culturally-valid definition of the concept for non-Western and non-industrial societies. Indeed, in some societies the concept as a whole may be unfamiliar or nebulous at best.

Looking cross-culturally and historically, there is evidence that **retirement** as an institution is both a **recent** phenomenon and **not particularly common**. Luborsky and Leblanc (2003) suggest that,

“The institution of retirement appears to be a product of the confluence of developing industrialization, surplus capital, and Protestant ideology.”

If so, this provides insight into the underlying foundations on which the institution of retirement stands and represents a basis for suggesting tweaks in the institution as society changes and evolves.

To the extent that a concept of “retirement” *can* be identified cross-culturally, there is **little scholarly consensus** regarding the idea. In the same article (Luborsky and Leblanc), a number of competing views and conclusions are mentioned. **The very unevenness, and the often mutual exclusivity, of these scholarly views is rather striking**. To mention just a few of these views regarding the cross-cultural presence of retirement:

- True retirement is a rather rare sociological phenomenon.
- All societies retire their elderly members.
- Retirement is a recent Western phenomenon and reflects a new type of role in certain modern societies; it did not exist in earlier and non-Western cultures.
- Retirement is found only in industrial societies.
- Retirement is NOT found only in industrial societies.

The importance of a consistent definition of the concept “retirement” can be gleaned from this collection of rather contradictory conclusions, some of which are undoubtedly the result of an imprecise or inconsistent idea of what is being examined.

One last quote from and reference to the Luborsky and Leblanc paper, relating to retirement as a cultural construct:

“From an anthropological viewpoint, one of the most striking aspects of retirement in the US is the notion that a person is vested with the right to cease performing roles that are crucial to achieving and maintaining identity as an adult member of society, and yet may retain full social identity and jural-moral capacities. We will see later that this is a rare cultural construct for later life. The

manifest change in activities which occur with increasing age in all human societies, including retirement in the West, is the source of differing interpretations by researchers.”¹

In addition to an anthropological familiarity with issues related to “retirement,” it is also important that actuaries and retirement planners understand and appreciate the old-age and health context of retirees. As our society evolves, and as changes in family structure continue, the health (mental and physical) and social relationships available to retirees should not be far from our minds in contemplating retirement policy. According to Howell and Guest (2024),

“...there is significant variation in the aging experiences of people worldwide. Variations in age-related changes are so heavily influenced by environmental, genetic, sociocultural, and political-economic factors that older adulthood is the most heterogeneous phase of the lifespan, resulting in significant health disparities.”²

Understanding the anthropological perspective on aging, life cycle, and retirement issues, across different socio-cultural milieus, has the potential to provide the actuary with a better appreciation of holistic context when discussing and advocating for retirement policy.³

EASTERN VS. WESTERN

A common basis upon which to evaluate different sociological and cultural phenomena is the Eastern vs. Western dichotomy. While it is perhaps a bit of an oversimplification, the common wisdom is that **Eastern cultures tend to be more communal and collectivist**, with a person’s identity focused on social relationships and family networks; in contrast, **Western cultures value more independence and individualism** and often measure career or other types of success on that basis. The implication is that Eastern cultures value the elderly more as people and as members of society.

Ultimately, each society and culture will, and must, discover and decide upon its own values. And there are appealing characteristics associated with both sides of the East-West cultural dichotomy. The specifics of any retirement philosophy and structure will depend in no small part on the values of the underlying societal culture, and our recognition and discussion of these values will help us to design approaches to retirement that reflect those values.

CHARACTERISTICS AND TRENDS REGARDING FAMILY STRUCTURE

Anthropologically, “family structure” is characterized by several parameters, among which are:

- **Composition:** the numbers of, and relationships between, the family members, including parents, children, and extended family members. In particular, anthropologists are interested in the family as an outgrowth of how a culture defines kinship relations and obligations, including parental and lineage patterns.
- **Residence:** considerations regarding how and where family members are located.

¹ Luborsky and Leblanc, 2003, “Cross-cultural perspectives on the concept of retirement: An analytic redefinition,” *Journal of Cross Cultural Gerontology*, December; 18(4): 251–271

² Howell and Guest, 2024, “Why Gerontology Needs Anthropology: Toward an Applied Anthropological Gerontology,” *Social Science (Basel)*, January; 13(1)

³ Early in the history of scholarship associated with the anthropology of retirement and aging, there seems to have been little work done (beyond simple gender implications) on multicultural societies and the relative impacts of those cultural affiliations. This does now appear to be changing.

- **Socialization:** particularly as a means to teach and culturally inculcate children with appropriate behaviors and attitudes.

The specific forms of family structure in most cultures (although differing in detail and mix cross-culturally) include the **nuclear** family (parents and children), the **extended** family (multiple generations or relationship lines living together), and the **joint** family (several related individuals, possibly multigenerational, living together with their spouses).

With the advent of **industrialization and urbanization**, and with the **technological, economic, and educational evolution** of society, changes to family structures have been inevitable. Even the core economic function of the family has changed: from an important unit of production in an agrarian society, to a home that is more focused on family, education, and social relationships.

Demographic dynamics such as the **aging of the populations** in many societies, and the **declining birth-to-death ratio**, are well-recognized anthropologically and sociologically. Similarly, **single-parent and fissured families**, as well as **female-head-of-household families**, are becoming much more common. And **smaller families (fewer children)** are also on the upswing, making intergenerational age differences within extended families larger.

POTENTIAL OLD-AGE AND RETIREMENT IMPACTS OF CHANGES IN FAMILY STRUCTURE

Anthropologically, the potential impact of each of the changes mentioned in the prior section can in principle be elucidated through cross-cultural analysis. Some of the notable suggestions that have been made in the literature concerning the effects of these developing changes to family structure include:

- **Care for Elders:** Projections suggest that the number of living kin for any given elderly person may dramatically decrease in the coming decades. This may lead to a drop in the potential to rely on family and kin networks to provide informal childcare and elderly-care, necessitating continuing and perhaps even increasing reliance on more formalized and targeted care and financial support mechanisms. This potential needs to be considered in any public policy discussions regarding elderly retirement and care structures.
- **Ageism:** Some scholars and others believe that elderly members of society are revered more in Eastern cultures than in Western cultures. Even if true, however, some research suggests that public pension deficits may, even in Eastern societies, lead to feelings akin to ageism toward the elderly by the younger generation, who may harbor resentment for the cross-subsidies necessary to fund such deficits.
- **Mental health:** As family structures tend to become less “traditional,” and perhaps even less stable and more volatile, there is the potential for stress associated with family relationships, and uncertainty regarding how elderly will be cared for.
- **Longer (or Shorter?) Working Lives:** Regarding whether the average working lifespan will lengthen or shorten overall, one can make an argument either way. Any movement in this parameter will have retirement planning and financing implications.
- **Family Location:** Between changes in family structure and the potential for economic volatility, there are more reasons to expect that family members may, either of necessity or by choice, be more geographically separated, with consequent financial, caregiving, and care-receiving effects.⁴

* * * * *

⁴ It is possible that the recent acceptance and feasibility of working from home might, in some cases and for some families, make separate residences less necessary.

Relevant anthropological and sociological research on retirement and elderly issues continues to be actively pursued. For example, there is a research thread on how to “measure” retirement, and how best to translate those measures into non-English languages that are relevant and meaningful for different cultures.

Another research thread involves retirement and vocational decisions and treating retirement as one stage in an overall working lifetime. Factors that inform retirement decisions include work satisfaction and motivation. There can also be a kind of internal feedback to the process: research confirms that retirement causes changes in one’s social network, with the substitution of family relationships for work relationships, so an appreciation for family context is important to the decision-making and retirement planning, and the determination of post-retirement satisfaction. Along with general economic and other environmental conditions, understanding how such decisions are made provides a basis for a holistic and long-term model, which actuaries can use to inform their projections and policy advocacy.


There will be more research on non-Western family structure and networks—much of the scholarship to-date has been performed by Western researchers, and it may be appropriate to consider whether this research has been sufficiently culturally contextualized, for example with respect to collectivist countries.

From a holistic perspective, actuaries need to keep abreast of such scholarship. An even casual familiarity with this kind of research provokes interesting questions—for example: Is it possible that the economic and logistical realities of old age and retirement in the coming decades may actually influence the nature of family structure in practice? Will the existence and growth of multicultural populations lead to a greater awareness and familiarity with alternative approaches to old age and retirement?

What an interesting time to be thinking about retirement!

* * * * *


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Low Fertility, Childlessness, Single-Person Households, and Savings

Sam Gutterman, FSA, CERA, FCAS, MAAA, FCA, HonFIA

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INTRODUCTION

The United States has a broad and diverse range of family and household structures and living arrangements. One type of household that has not received adequate attention is one that does not include a child. I will focus on this type of household in this essay.

Although being childless has not been uncommon throughout history, its acceptability has increased over the last several decades,¹ especially as a below-replacement fertility rate has accompanied it.² Partly as a result, there has been an increased proportion of childless and single-person households. About 29% of American households are married without children, and about the same percentage are single households without children. The prevalence of adults under 50 without children has increased from 37% in 2018 to 47% in 2023, with 47% of adults under 50 without children indicating that they may be unlikely ever to have them.

Over recent decades, we have seen changing attitudes toward parenthood, career focus, economic pressures, and lifestyle preferences, which have differed among socioeconomic and geographic population segments. There has been greater acceptance and, in some cases, desirability of child-free lifestyles, changing gender roles, and growing pursuit of higher education and more job opportunities for many women. As a result, there have been a host of sociological and financial impacts, some of which I will discuss below.

CHILDLESSNESS

Two types of childless situations can arise³: (1) a one-person household, either never married, divorced, separated, or widowed, and (2) a two-person household, either married or partnered. Reasons for savings are similar for both groups, although a second source of income or wealth often enhances income/wealth support; in addition, the spouse/partner may be able to provide for or support the other in times of need.

Children no longer fit into many American dreams, which can value individualism, wealth, and freedom. However, this trend is certainly not always the case. For example, the fertility rate of Generation X college-educated women

¹ For example, it was not uncommon to refer to an older woman who was not married as being a spinster or old maid, or more recently one without children as a career woman.

² A total fertility rate (TFR) of 1.62 children per woman in 2023-2024 in the United States, an all-time low, with a TFR of about 1.3 children in Canada and about 1.8 in Mexico. All are significantly less than the population replacement rate of about 2.09.

³ Some parent(s) have had children who no longer co-habit with their parents (usually due to forming their own households). This situation is not addressed here.

has increased faster than that of those with less educational attainment, with a decline in childlessness occurring among the most educated women.

In the aggregate, the marriage rate is a leading indicator of childlessness, even though about half of births are currently born out of wedlock. This is due to the higher rate of childlessness for those who are not married (although for some ethnic/racial groups, the difference is not significant).

For multiple reasons, the age of first marriage has significantly increased over the last several decades. For example, in 1974, the age at first marriage for males was 23.5 and for females was 21.1; in contrast, these corresponding ages in 2024 were about 30.2 and 28.6. Based on surveys, the percentage of those who have never married has recently been about 37% for males and 31% for females.

In the first half of the twentieth century, the percentage of childlessness in the United States was between 25% and 30%, decreasing in the baby-boom generation to between 10% and 15%, followed by a period of women's liberation in the 1970s and 1980s of between 20% and 25%, increasing somewhat to between 25% and 30% over the last two decades. This trend generally follows the fertility rate.

Although a significant open question is where these trends will move,⁴ there is no current indication or major driver that suggests that the currently low fertility rate will increase significantly or that the rate or age of marriage will significantly decrease in the short or medium term. In any case, the rate of childless households approaching retirement age has been baked in and will not change for at least several decades.

In sum, childlessness is not new—there have always been those without children, by choice or other reasons. However, it has become more common. Due to decreased fertility, more adults will be moving toward retirement alone or at least without the support of children.

SAVINGS NEEDS

Being childless can significantly impact savings and retirement, whether in a single or cohabited (partnered or married) household. To properly discuss the effect of childlessness on savings, it is essential first to address the purposes and uses of savings. The following are significant reasons/needs addressed by saving that differ by individual situation:

- Expected future needs, such as for a home or car purchase and maintenance, childcare and education, food and habitation, and vacations;
- Retirement and long-term care support;
- Unexpected emergency events or conditions, with resulting moderate or severe health care expenditures, disability, or home maintenance; although some preventive action may reduce their likelihood or severity, some will inevitably arise;
- Debt repayment or a business startup or expansion;
- For others, such as children/grandchildren/other relatives or legacy giving to institutions such as a charity or educational entities; and
- Residual, including the excess of earnings, less expenditures, and earnings on savings.

⁴ See Gutterman (2024). "On Fertility: the Story of a Baby Bust" *Contingencies* July/August 2023; <https://contingencies.org/on-fertility/> or Babad, Dermot and Gutterman (2023). "Fertility and Aging - Actuarial Perspectives". *British Actuarial Journal* v28, 21 September 2023, e6. doi: <https://doi.org/10.1017/S1357321723000065>.

There are usually multiple reasons for any household to accumulate resources. In addition, many households will, in any case, adapt to changing circumstances, e.g., after completing full or part-time work, possibly by eliminating child support expenses as they leave for college or to develop their own household, or downsizing expenses as their income stream changes. The following focuses on differences between the needs of those households that never included children compared to those that had children.

SAVINGS OF THE CHILDLESS

Those who are childless tend to have different consumption habits and resultant saving rates than corresponding individuals/households with children. Raising children can be expensive, involving expenditures for education, healthcare, food, housing, and related necessities and desirables.⁵

In contrast, not burdened with these expenditures, equivalently situated childless households may have greater disposable income and time available toward career-building, savings, investments, or employee-contributed retirement funds. Those bearing child-related expenses may have to delay or defer saving for retirement.

Childless households may also have greater discretionary income or resources and more time and budget for personal leisure, experiences, or luxury items. Despite this availability, many manage to maintain higher savings overall without the financial burden of raising children. Nevertheless, childless households might prioritize financial stability due to a perceived lack of a family safety net over the long term.

Married couples with children often have lower median wealth compared to childless couples. In addition, a single mother will, on average, tend to experience a "motherhood penalty"⁶ in her career, especially if she has to take time off or her work trajectory is interrupted, compared to a corresponding woman without children. Of course, for those in debt or in a lower socioeconomic group, a household can find it challenging to save, whatever the household makeup.

Other than directly related expenditures on children, what distinguishes the savings of a household without children from one with children? I categorize them in three ways: (1) personal expenditures, (2) non-financial support, and (3) inheritance.⁷

1. Everyone wants to achieve a soundly based and secure retirement, although not everyone can plan financially and execute their plan to achieve this objective. Those without children tend to focus more on personal long-term financial goals such as saving for retirement, buying property or stocks, traveling, or investing in personal development rather than on funds needed for college or childcare. Quite different financial strategies may be preferable in these two situations. In addition, childless households often may have more flexibility and availability to work longer hours, pursue higher-paying or multiple jobs, or advance their career and personal development. This increased earnings potential can contribute to expanded savings capacity.
2. Children can provide a systemic support system for those in retirement, either physical, financial, or mental. For physical support, it is helpful if children or other close relatives live nearby.

⁵ A U.S. Department of Agriculture study found that, adjusting for inflation, it costs about \$234,000 to raise a child through age 17.

⁶ Although less common, a stay-at-home man with children can also experience a "fatherhood penalty."

⁷ Inheritance here refers to a provision for financial wealth transfer to children and grandchildren. There are, of course, other family members and other people/entities that could be provided for, e.g., nieces/nephews, cousins, or philanthropic purposes, e.g., to charitable entities.

3. Funds for others. An often-cited reason for accumulating savings is to provide funds for future generations as inheritance. However, if a household has no children, whether or not they have a living spouse or close partner, there is less need to save for inheritance purposes.

A relevant and practical financial plan can be valuable for all types of households, including those without children, regardless of the extent or lack of financial resources available. Nonetheless, the unique characteristics and needs of the childless couple or childless single need to be recognized. Many financial actions can be taken to prepare someone who is childless or has no spouse/permanent partner. These include plans addressing what to do in an emergency, possibly due to health reasons, or to help prevent an emergency through neighbor/community support, legal actions such as the development of wills, powers of attorneys, or long-term care or burial arrangements.

Couples with children may seek larger homes in family-friendly neighborhoods, which can be more expensive and affect affordability. In contrast, childless couples might opt for smaller or more affordable properties, facilitating higher homeownership rates. In addition, childless households may be more flexible and mobile, enhancing their career opportunities.

For households without children, with no need for inheritance across family generations, saving objectives may focus more on actions or things with a more self-centered or self-actualizing purpose or greater attention/ability to provide for future contingencies, such as unexpected future healthcare or home maintenance expenses. But where there is a greater emphasis on consumption, other things being equal, this may mean it is more likely that savings will prove insufficient to provide for living needs at older ages, including healthcare or support needs, especially those years after the individual's life expectancy.

Unfortunately, some people, during their working period, totally focus their financial planning for retirement on their life expectancy.⁸ An individual(s) fortunate enough to live beyond this single age (that, depending on the time of planning, continues to increase) may be inadequate (or excessive). This means they should emphasize income over their lifetime, possibly through life annuities,⁹ to plan for a longer-than-expected lifespan.

Despite this, there does not appear to be an increased purchase of such products. Institutions offering these products, such as life insurers, need to market them more effectively, emphasizing how they address lifetime needs. In contrast, for the many childless who do not have significant wealth and depend on their Social Security income (which does provide such lifetime income), whether such income satisfies their desired needs without children for fallback support will depend on their situation.

The household structure, health, and support-related needs will inevitably differ depending on the individual's situation. For example, family or community support may not always be available or convenient if the individual lives alone. Although financial (earnings or resources) support is usually essential, life needs also include mental and moral support.

Early-onset dementia may only be inconvenient, for instance, in some married/partnered situations, but when living alone, there may not be anyone to help with the numerous minor hurdles that can arise, such as turning off the stove after meal preparation is complete. In many cases, it is adult children who will notice early stages of dementia, followed by (what can be encouragement or forceful action for) a period of re-orientation to a more suitable living situation.

⁸ Of course, it is better that attention is at least directed toward their life expectancy, rather than a shorter period.

⁹ The form of life annuities can differ among individuals, possibly invested in the stock market or fixed income securities, depending on how risk averse the household is.

In addition to the effects on savings and life objectives, an increase in childlessness can have significant societal and economic impacts as the population ages. This aging can result in lower national economic growth and less support for healthcare and social security systems, which may strain the finances of these systems, already beginning to be seen in some advanced countries' operating budgets.

CONCLUSION


Planning for retirement is necessarily complex. Although the childless may have greater financial wealth, their retirement planning will not be able to rely on adult children for financial and non-financial support as they age, which may prompt them to save more for future self-sufficiency, including long-term care and other support services.

Although the factors indicated in this essay are relevant for discussion purposes, individual circumstances are bound to differ, possibly widely, as there is a broad range of individuals and relationships within each household category. Thus, any conclusions discussed above may not apply in the individual case.

Due to the relative lack of available research on this large and growing group, further study and analysis are warranted to study the needs of the childless household. I hope this essay encourages such efforts.

* * * * *


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Impact of Family Structure on Retirement Aspects

Rajeshwarie VS and Vivek Gupta

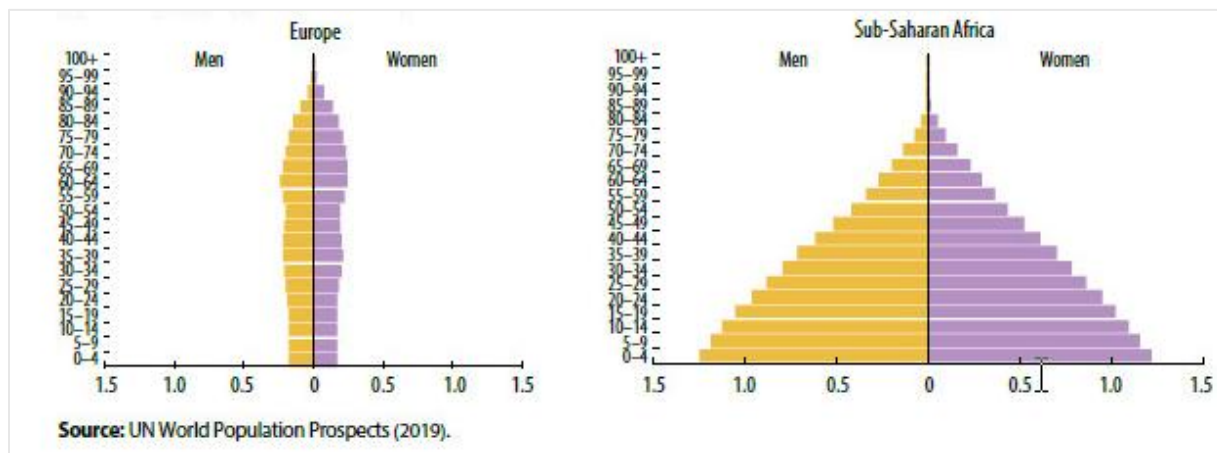
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INTRODUCTION

All over the world demographics are changing. From a pyramid-like structure with a lot of young people and fewer people surviving to old ages, declining birth rates, and increasing life expectancy ensure the traditional pyramid shape of population demographics no longer holds. Today, we have what researchers term a "beanpole" ("Europe" in Figure 1) structure which is a thin long pole-like structure with fewer individuals at all levels and multiple generations alongside one another.

Figure 1

COMPARISON OF EUROPE AND SUB-SAHARAN AFRICA'S POPULATION BY AGE BAND IN 2050



In many areas, families too are more like a beanpole where there have been trends towards fewer aunts, uncles, and cousins because of fewer siblings in each generation. The traditional concept of an extended family, based on the links of marriage and blood-ties (and in some cases adoption), was always wider than the typical nuclear family. In the past, family meant clans linked by common ancestors, which was also the basis for how familial and individual laws of inheritance were defined. This is different from today's developed world where family is commonly thought of as immediate family members with a 1-degree separation from the individual.

It is not just demographic issues like increasing life expectancy and decreasing birthrates, but also cultural changes, industrialization/urbanization, a greater awareness and emphasis on individual freedom and choices that are changing family structures. For society to work efficiently, we need to clearly define roles, responsibilities, rights,

and obligations of all members in a family. For this purpose, the state/society has narrowly defined a family as husband, wife, and offspring (born and adopted). This is a new concept that evolved in modern society where the state has taken some of the requirements originating from the historical agriculture society where means as well as outputs of production were shared. Same-sex marriages, and cohabiting adults are still newer concepts arising in the last 50 years, and countries are beginning to legalize these arrangements. The term marriage and partnership (marriage) are based on the notion of the state benefits which spouses and young destitute children should be entitled from the estate/earnings of the deceased. Marriage/adoption are the only two widely recognized ways to enter a family structure. However, there is a change of demographics and societal attitudes towards non-traditional family structures that may have an impact. In the rest of this paper, we try to answer the question, if marriage/adoption remain the only ways to enter a family structure?

WHEN RETIREMENT MEANT FAMILY

Given the life expectancy, morbidity, and standards of living of the pre-industrialized world, age made it difficult to carry on hard physical labor, so retirement was fairly early especially as compared to today. However, although older society members stopped contributing to physical activities, they continued to share their knowledge/wisdom to provide guidance and mentorship to the next generation. This allowed them to be able to carry on their craft/trade or farming. Multi-generational families were common and the young and old took turns caring for each other and mutually supporting one another through various stages of life. All needs were met—physical, monetary, information/guidance, healthcare, long-term care, and emotional! In a sense, individuals devoted their endeavors throughout life to a family that in an individual's old age would devote itself to the individual's care.

Some glimpses of retired life in the pre-industrialized world can still be found in tribes that are as of yet untouched and unchanged by technology. Among the Faluni, a West African tribe, upon the marriage of their last child, couples transfer their cattle to their children and live as dependents of their eldest son. Although their basic needs are all met, they have no say in running the family and also carry less weight and rights in the community. In other farming tribes/cultures like the Amayra of Bolivia, elders shift to less strenuous tasks. In their culture, marriage is the rite of passage into adulthood, but they do not get to head a family until after their parents' lifetimes, ensuring that the elderly still hold the same power or right over shared resources that, in-turn, ensures their needs are met throughout their lifetime. In many Eastern cultures such as Hinduism and Buddhism, an emphasis on reverence to elders in the family ensures that they are cared for even as they withdraw from active physical and economic activity and move towards religious and spiritual pursuits.

Industrialization brought about a rise in standards of living and improved quality of life in material aspects, but it caused families to get smaller and more fragmented. It also brought women into the workforce which made it unviable for many to support the large joint families. With migration to cities, young and able people took to earning a living and building a life for themselves far away from the family homes and elders. This changed much of the fundamental family structure to a greater reliance on self and spouse rather than a whole extended family. But in recent years, there are a number of different kinds of family structures that have evolved from the traditional extended and later traditional nuclear families.

A WORLD VIEW

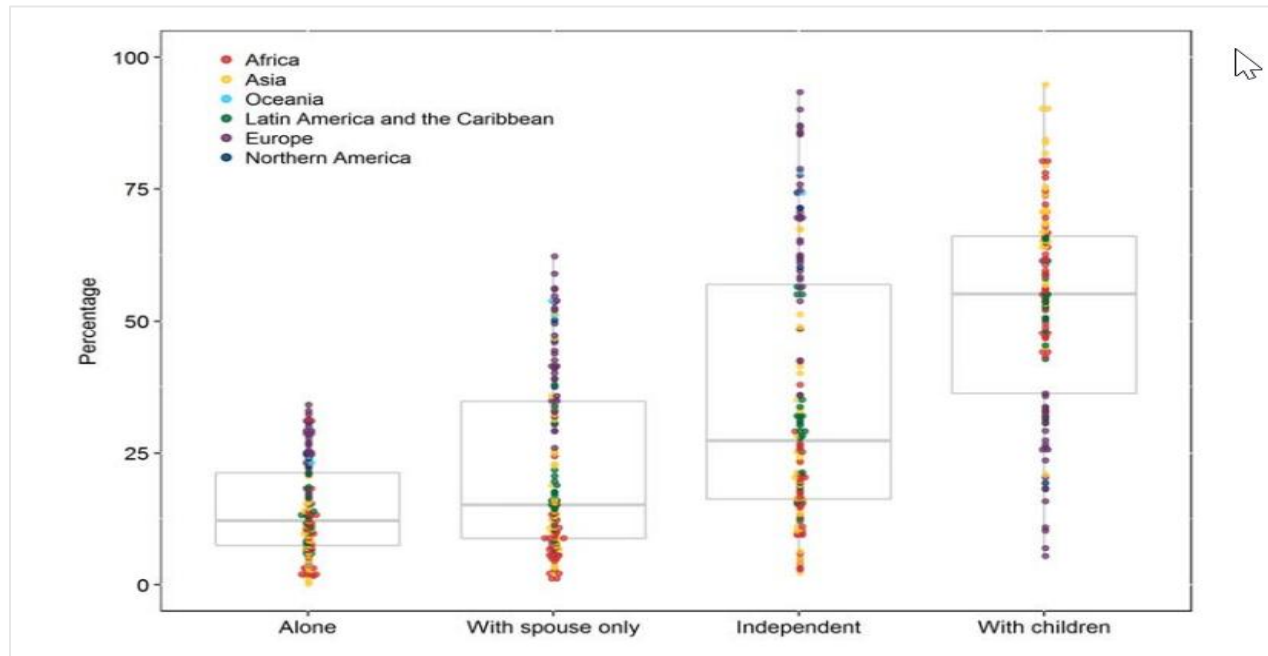
While traditional practices discourage living together without marriage, or opting to not have children, these choices have become increasingly commonplace and gaining greater acceptability. This has resulted in several trends including more elders living alone, later-in-life marriages, families with dual income and no children (DINKs) and other non-traditional family structures.

OLDER ADULTS LIVING ALONE

There are marked differences in the proportion of older people living alone around the world, with the highest in Europe and North America and the lowest in Africa. Asia and Latin America (including the Caribbean) also have low percentages for elderly living alone compared with the 'developed' world. There is also a gender-based life expectancy gap at 60 in Europe and North America, which results in more women living alone.

Figure 2

DISTRIBUTION OF HOUSEHOLD LIVING ARRANGEMENTS OF PERSONS AGED 60 YEARS OR OLDER.



Source: United Nations, Department of Economic and Social Affairs, Population Division (2017), A Report on an Expanded International Dataset (ST/ESA/SER.A/407).

Most older adults in Asia and Africa still live with their children. As education and income increase, more Asians are catching up with the trends of the high-income developed countries, with more single persons and DINK families, and increasingly more independently living older adults. However, cultural factors seem to encourage arrangements where elderly parents and children may not cohabit but are still available to support each other by opting to live in the same cities within townships or multi-family compounds.

TRADITIONAL MARRIAGES VS. COHABITATION

In more conservative societies, cohabitation is not common and does not have the same societal approval that marriage has, furthermore, in many countries, married couples enjoy more privileges compared to cohabiting ones in terms of taxation, social security, and state benefits. For example, countries like Sweden treat marriages on par with registered partnerships, while others like Switzerland treat cohabiting partners as single persons for the purpose of pensions. This puts the onus on the cohabiting partners to plan well ahead for retirement by considering the laws of their country and the various options available to them to have a joint retirement similar to married couples for whom these are automatic entitlements.

Studies show that young married couples are more likely to have greater savings because they share costs and resources. Being married may help them more readily conceive old age together and hence may be more likely to plan for retirement than cohabiting partners or single people.

Age of spouses or partners appears to also influence the retirement decision, with couples closer in age opting to retire jointly. When age-gaps in couples are large, the retirement decision/plan is mostly impacted by the older partner. However, there may be differences based on whether a marriage is more traditional gender-roles based or more egalitarian. In more egalitarian set-ups, the partner with a stronger financial position would likely be expected to drive the retirement planning. Although studies on married couples confirm this, these dynamics are likely to play out among cohabiting couples as well. What we should be factoring in to reflect the present is whether these trends are likely to change with more re-partnering or remarriages happening later in life and also increasing age-gaps and changing gender dynamics in such unions.

BLENDING FAMILIES

Rates of divorce have steadily increased since the 1900s all over the world, and remarriage or new cohabiting relationships often result in blending children from previous relationships into the new family. By 2011, 1-in-4¹ Americans had a step relative—parent, child, or sibling. A Pew research study found that younger people, Blacks, and people without a college education were more likely to have a step relative.

Similar to cohabitation, not all cultures and countries have become more accepting of same-sex marriages. In many conservative societies, same-sex marriages do not enjoy the same rights as traditional marriages and there are still countries where such unions cannot exist. Where they do exist, the nature of rights they enjoy, and the eligible state benefits could be very different from those of traditional married couples. Among many studies conducted, a Swedish² study on retirement behavior found that same sex couples have larger age gaps than opposite sex couples, male couples retire together more often than female couples, and the retirement decision is driven more by the economically stronger partner. Another aspect to consider is that many same-sex couples adopt children. Even if one of them is a biological parent, the other becomes a stepparent. This brings in similar dynamics as other step-relations. The Pew¹ study of 2011 shows that in interviews, 85% of adults with a living parent said they feel obligated to help a biological parent in distress, 56% felt similarly for a stepparent. For children, the gap was closer with 78% of adults feeling obligated to help a biological adult child in distress vs. 68% feeling the same obligation towards a stepchild. However, all forms of step relatives took precedence over a best friend, reiterating that family was important irrespective of its make up. But what was undeniable was that biological relationships had a stronger pull than step relatives.

The questions with respect to retirement that arise in such blended families are:

- Would having a biological relationship versus a step-relationship influence people to retire sooner rather than later?
- Do stepparents also factor in supporting stepchildren in their old age into their retirement savings expecting in exchange that stepchildren care for them in old age?
- We have been witnessing more multi-generational living since the pandemic, this most likely involves at least one biological relationship between parent and child. Do these arrangements last when the biological parent has passed, and the remaining one is a stepparent?

¹ [A Portrait of Stepfamilies | Pew Research Center](#)

² [Retirement coordination in opposite-sex and same-sex married couples: Evidence from Swedish registers - ScienceDirect](#)

IN MORE CONSERVATIVE SOCIETIES

In more traditional societies, newer family structures are catching up, but rather slowly. Consider for example India—which we selected because we live and work here—same-sex marriages are not allowed by law, divorce is frowned upon, and cohabitation is very rare. A large part of the workforce is in the unorganized sector and relies heavily on family and minimum social security support from the government in old age. A 1980 study¹ among rural Indians showed that 55% relied on their eldest son for retirement support. Even today, parents often live with their sons or spend time equally in the homes of all their children irrespective of the state pension. In urban India it's common to have parents and children residing in the same locality or in close proximity with a flourishing symbiotic relationship with grandparents providing childcare while their care needs are met in return. More so in the case of single parents, we often find grandparents lending a helping hand with kids and also providing crucial emotional and moral support during the transition from married to single parenthood.

THE FUTURE RETIREMENT!

At the individual level, what retirement could mean and look like in the future could be very different from what it currently does. With successive technology revolutions, the factors of production now include knowledge/entrepreneurship along with real estate, labor, and capital. While real estate, labor, and capital are limited in availability and applicability, knowledge is abundant, flexible, and applicable to a wide range of areas. Knowledge is also more immune to limitations of aging, as long as we possess our mental faculties. With beanpole family structures and longer life expectancy; uncertainty of old age living arrangements; and the basic socializing nature of humans, can we in the future have legally adopted brothers/sisters/aunts and uncles? That is, will a newer family structure not bound by blood but by close community relationship evolve to meet the need for support and connection? Society could allow its members to define a new community-based approach to retirement where people are bound by common interests and benefits are pooled for the members agreeing to join this community. This is not an alien concept. We already have continuing care retirement communities (CCRC) or life plan communities, that charge an upfront fee to join, and an ongoing monthly payment based on the services they provide. These communities ensure that residents have the stability of remaining in the place they call home. Payments to the community can be a combination of savings before retirement and their social security benefits.

Why is this relevant to our discussion? As we see more and more adults aging, and the familial ties getting more varied we could expect likeminded people combining and forming coops and other mutual arrangements and then joining these communities. Could these communities be the answer to the retirement uncertainties of non-traditional families? Would that ensure, for example, a long-forgotten relative would not be the beneficiary of an old, deceased relative's estate but rather would be the community that was an active participant in the deceased's life? Life insurance companies may have to devise innovative products or offer micro plans to bring together the new-age family or likeminded groups that may not fit the definition of a traditional family, where beneficiaries can be more than one person and other than spouse/partner, i.e., it can be a sibling or friend. The new 'families' can be work groups, local community groups, interest groups, or gender/sex based. By thinking about these trends, insurance companies could be better prepared to draft/understand complex life care contracts, given longevity and inflation risks in providing additional benefits to the insured group. States, communities, and corporations could benefit by considering new policies and establishing a community-based retirement approach so that people are healthy together as a group and not one as rich and lonely.

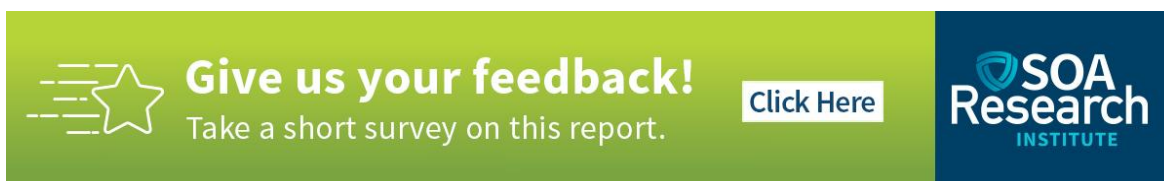
Edith Schaeffer's book, *"What is a Family?"* describes family as *a living, constantly changing network of relationships, reflecting the passage of time, the growth and ageing of its members, the addition of new members and the removal by death of some.*

This definition of a family could well apply to those communities of the future, that perform the same function as the traditional family!

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