

QUICKPOLL

Grandparents

Generous *with* Money,
Not *with* Advice



A MetLife QuickPOLL of American Grandparents

Overview

In May 2009, the MetLife Mature Market Institute conducted a nationwide survey of grandparents age 45 and older with grandchildren under the age of 25. We examined their attitudes and behaviors toward providing financial assistance and advice to their grandchildren and what effect the current economy is having on the assistance they are providing.

Generally, grandparents today take an active and generous role in providing financial assistance to their grandchildren—and often even increase their giving as the economy puts additional strains on their grandchildren and their own personal situation. Grandparents appear to prefer to step in earlier with smaller amounts of support rather than to provide a larger legacy later.

Key Findings

- › Nearly two-thirds (63%) of America's grandparents have provided financial assistance or monetary gifts to their grandchildren in the last five years; 70% gave less than \$5,000. The median amount provided was \$3,000 over that period,



and the average amount was \$8,661, or an estimated \$370 billion in financial support.

- › The reasons most cited for financial assistance/gifts were for general financial support (40%), education (26%), and major life events (21%).
- › More respondents (78%) believe it is important to distribute smaller gifts as needed throughout their lifetimes, rather than leave a larger lump sum as a legacy at death (22%).
- › One-quarter (26%) are now providing more assistance than in the past, due to the current economy.

While some grandparents get involved with providing financial advice and counsel, most do not.

- › More than two-thirds (68%) of grandparents report that they are not providing any financial advice or guidance to their grandchildren. Of the 32% who are talking to their grandchildren about financial issues, the most common advice is “start saving early in life,” and “don't get into too much debt.”
- › Basic intergenerational financial security is not a commonplace discussion. Fewer than one-third (30%) of grandparents surveyed said they have encouraged or spoken to their adult children about life insurance as a way to protect the future of their grandchildren.

Grandparents Provide Financial Assistance

Overall, nearly two-thirds (63%) of grandparents with grandchildren under the age of 25 have provided financial assistance or monetary gifts to their grandchildren in the past five years. Those more likely to have provided assistance are women, those with more education, and those with higher annual incomes.

As would be expected, those with more means are more likely to give financial gifts or assistance to their grandchildren. A little over half (52%) of those earning less than \$35,000 annually have done so, compared to 65% of those earning \$35,000 to \$49,999 annually and 62% of those earning \$50,000 to \$74,999 annually.

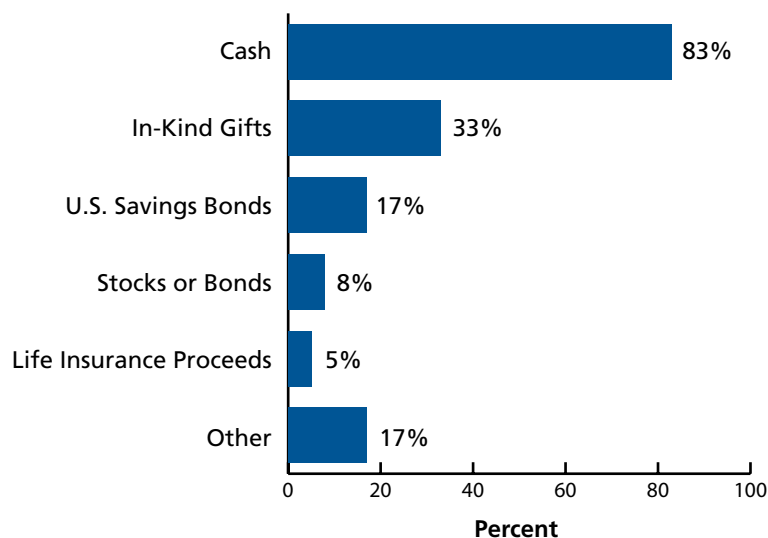
While most respondents report giving money to their grandchildren, the total amount of this assistance is primarily below \$5,000. Seventy percent (70%) of respondents have given less than \$5,000 in the last five years. In fact, about two in five (39%) have given less than \$1,000. More females (45%) have given less than \$1,000 compared to males (28%). The median amount of assistance/gifts was \$3,000 and the average was \$8,661. With a projected 42.8 million grandparent households in 2009, that represents approximately \$370.7 billion in total assistance over the past five years.*



When asked what form of financial assistance grandparents are providing, most report cash assistance, followed by in-kind gifts (such as a car, furniture, computer, etc.).

* The number of grandparent households is referenced in *The Grandparent Economy*, Peter Francesse, 2009, www.grandparents.com.

Figure 1: Types of Financial Assistance/Monetary Gifts Provided



“General Support” Is the Main Reason for Assistance

Grandparents report they have provided financial assistance to their grandchildren for many reasons. The top reason was general support, reported by two in five (40%) respondents. One-quarter (26%) also reported contributing to their grandchildren’s education expenses, and 21% provided assistance for a major life event, such as a wedding.

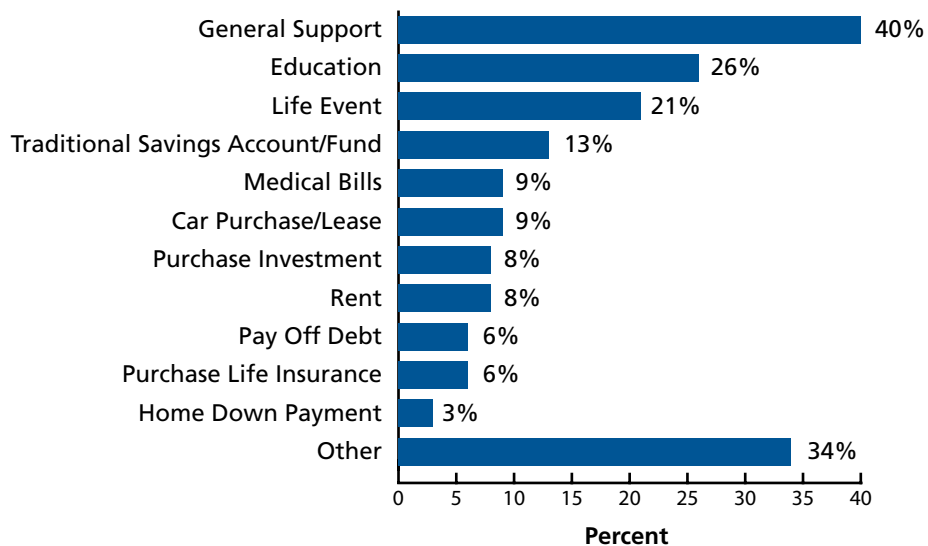
Respondents who received a higher education were more likely to contribute to their grandchildren’s education than those with less education. Nearly two in five (37%) respondents with a college degree or higher contributed to their grandchildren’s education, compared to those with some college (20%) or high school or less (24%). Those with higher annual incomes are also more likely to have provided financial assistance for their grandchildren’s education. One-third of those earning \$75,000 or more annually have contributed financially to their grandchildren’s education, compared to 20% of those who earn less than \$35,000 annually.

Of those helping with their grandchildren’s education, 46% are contributing to a fund established for college. One-quarter (26%) are currently paying, or planning to pay, for at least part of their grandchildren’s expenses for preschool, elementary, middle school, or high school, while 24% are currently paying, or planning to pay, for their grandchildren’s college tuition or college loans.



As would be expected, more grandparents who are still working are providing financial assistance for general support, compared to retirees. While 49% of full-time workers are doing so, a larger portion (60%) of part-time workers contribute. Even among retirees, almost one-third (31%) are providing general financial support to their grandchildren.

Figure 2: Purpose of Financial Assistance/Monetary Gifts



Giving Financial Support Now Over Greater Legacy Later

The large proportion of grandparents who are providing modest levels of financial support is not surprising given the fact that most grandparents believe it is more important to distribute smaller gifts throughout their lifetimes as needed by their adult children and/or grandchildren, rather than leave a larger sum of money as a legacy at death. More than three-quarters (78%) of respondents prefer to gift as needed, compared to 22% who would rather give a lump sum as a legacy.

Providing Financial Assistance Impacts Grandparents

A similar portion of respondents across all income categories has given between \$1,000 and \$5,000, and between \$5,000 and \$10,000. However, roughly half of respondents earning less than \$35,000 annually (53%) and those earning between \$35,000 to \$49,999 (46%) have given less than \$1,000 to their grandchildren compared to about one-third of those earning \$50,000 to \$74,999 (34%) and \$75,000 or more (36%). Those with higher incomes have generally been able to provide more support, with nearly one in five respondents earning \$50,000 to \$74,999 annually (14%) and those earning \$75,000 or more annually (19%) giving \$10,000 or more to their grandchildren. Only 3% of both those earning less than \$35,000 annually and those earning \$35,000 to \$49,999 annually have given this amount.

Half (51%) of the grandparents surveyed who have provided financial assistance to their grandchildren in the past five years report that they are not providing more financial assistance to their adult children or grandchildren now than in the past due to

current economic conditions. One-quarter (26%) are now providing more assistance because of the economy.

Interestingly, those with lower incomes are providing more assistance now than in the past. One-third (34%) of those earning less than \$35,000 compared to 20% of those earning \$50,000 to \$74,999 are providing more assistance. Even though those with lower incomes are providing less than those with higher incomes, many have not cut back on providing assistance, but rather are now giving more.

When asked if providing assistance has had a negative effect on their own finances, half (52%) do not believe it has. Fewer than one-quarter (22%) believe so. However, more of those with lower incomes also feel that it is having a negative impact on their own finances. Nearly one-third (31%) of respondents earning less than \$35,000 feel that the assistance they are providing is having a negative impact on their own finances, compared to 17% of those earning \$35,000 to \$49,999 and 19% of those earning \$75,000 or more.

Grandparents Not Giving Financial Advice to Grandchildren

A large portion (68%) of grandparents report they are not providing any financial advice or guidance to their grandchildren, while only 32% do. This is especially the case for the younger grandparents, who are more likely to have younger grandchildren. Eight in ten (81%) grandparents age 45 to 54 say they have not offered financial advice to their grandkids, compared to 65% of grandparents age 55 and older.

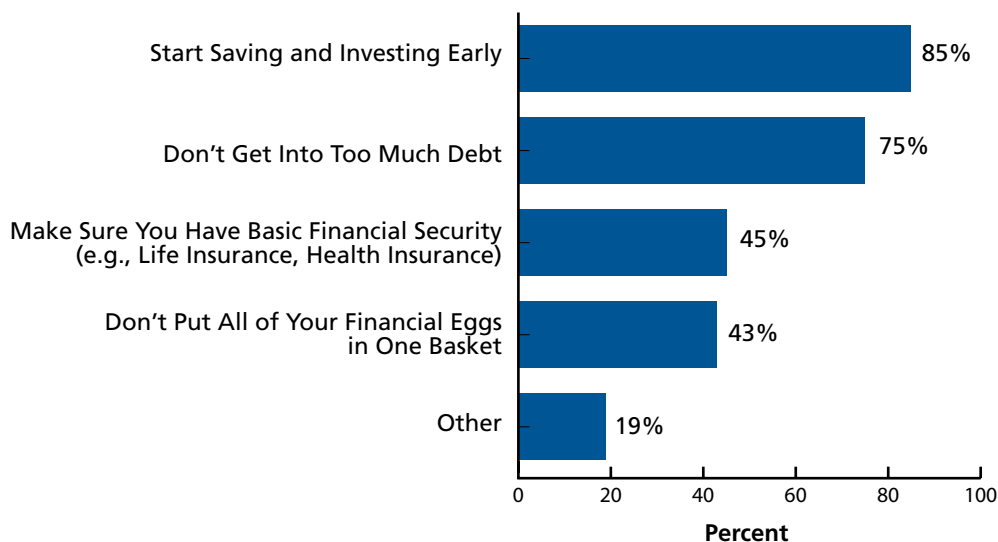
Grandparent Financial Wisdom: Start Early and Stay Out of Debt

Of the grandparents who are talking to their grandchildren about financial issues, the most common piece of advice is “start saving and investing early in life,” followed by “don’t get into too much debt.”

Interestingly, those with lower incomes are more likely to have talked to their grandchildren about not getting into too much debt and ensuring basic financial security. Eighty-three percent of those earning less than \$35,000, compared to 65% of those earning between \$50,000 and \$74,999, have told their grandchildren not to get into too much debt.



Figure 3: Financial Advice Given to Grandchildren



In addition, more respondents who are married, rather than those who are divorced, separated, or widowed, have told their grandchildren to make sure they have basic financial security—61% versus 40%, respectively. They are also more likely to have encouraged a diverse financial portfolio. Half (52%) have advised their grandchildren not to put all of their financial eggs in one basket, compared to 36% of those who are married.

Ensuring basic financial security is a topic discussed by many grandparents with their grandchildren; however, fewer than one-third (30%) of grandparents surveyed said they have encouraged or spoken to their adult children about life insurance as a way to protect the future of their grandchildren. Two-thirds (67%) said they have never done so. Of those who have not, nearly one-quarter (22%) said they would at some point.

Grandchildren Being Raised Differently Than Parents

Half (52%) of the grandparents surveyed said their adult children are raising their grandchildren differently than the way they raised their own children, while 30% said their grandchildren are not being raised differently.

Of those who feel their grandchildren are being raised differently, the majority (64%) say their children are more lenient than they were. More than half (55%) reported their children give their

grandchildren fewer household responsibilities, and 45% feel their children were able to provide their grandchildren with more opportunities. A similar amount (44%) said their children are not teaching their grandchildren the value of a dollar.

Implications

Today's grandparents—many who are seeing their assets diminish—are also feeling the pinch from the current economy. Despite this, many are providing financial assistance or monetary gifts to their grandchildren, and some are providing more now, specifically because of the current economy.

Though the amount of assistance given in the past five years is often dependent upon the financial resources of the grandparent, the idea of giving small amounts as needed throughout their lifetimes rather than a larger inheritance has shown to be more important to the grandparents. Whether for general support or their grandchildren's education, these grandparents are stepping up to help in these difficult economic times, even though many say it is having a negative impact on their own finances.

Many grandparents have taken the opportunity to offer financial advice to their grandchildren, who many believe are not being taught the value of a dollar from their parents. They are using their own experiences and resources to ensure their family's next generation is financially prepared and supported, even during turbulent economic times.

2009 Grandparents Poll Results

QUESTIONS	ANSWER OPTIONS											
Have you provided financial assistance or monetary gifts of any kind to your grandchild(ren), either directly or through their parents, in the last 5 years?	Yes 63%	No 32%	Decline to answer 5%									
What is the approximate value of the total financial assistance or monetary gifts you have provided for your grandchild(ren)? Would you say . . . ? ¹	Less than \$1,000 39%	\$1,000 to less than \$5,000 31%	\$5,000 to less than \$10,000 7%	\$10,000 to less than \$15,000 5%	\$15,000 to less than \$25,000 1%	\$25,000 to less than \$50,000 2%	\$50,000 to less than \$100,000 1%	\$100,000 to less than \$250,000 1%	\$250,000 to less than \$500,000 0%	\$500,000 or more 0%	Decline to answer 13%	
What type of financial assistance or monetary gift(s) have you provided for your grandchild(ren), either directly or through their parents? Please select all that apply. ¹	Cash 83%	In-kind gifts 33%	U.S. Savings Bonds 17%	Stocks or bonds 8%	Life insurance proceeds 5%	Other 17%						
What was the purpose of the financial assistance or monetary gift(s) you provided for your grandchild(ren) in the last 5 years? Please select all that apply. ¹	General support 40%	Education 26%	Life event 21%	Traditional savings account/fund 13%	Medical bills 9%	Car purchase/lease 9%	Purchase investment 8%	Rent 8%	Pay off debt 6%	Purchase life insurance 6%	Home down payment 3%	Other 34%
In what way(s) do you contribute financially for your grandchild(ren)'s education? Please select all that apply. ²	I contribute to a fund set up for their college tuition 46%	I am paying for/will pay for all or part of their expenses for preschool, elementary, middle, or high school 26%	I am paying for/will pay for all or part of their college tuition or loans from college 24%	I am paying for/will pay for tutoring/supplemental/enrichment programs 9%	I am paying for/will pay for all or part of their graduate school tuition, or loans from graduate school 6%	Other 34%						
I am providing more financial assistance to my adult child(ren)/grandchild(ren) now than in the past due to current economic conditions. ¹	Strongly agree 9%	Somewhat agree 16%	Neither agree nor disagree 24%	Somewhat disagree 11%	Strongly disagree 40%							
The financial assistance I am providing to my adult child(ren)/grandchild(ren) is having a negative impact on my own finances. ¹	Strongly agree 7%	Somewhat agree 15%	Neither agree nor disagree 26%	Somewhat disagree 11%	Strongly disagree 41%							
Do you provide financial advice or guidance to your grandchild(ren) (e.g., talk to them about financial issues)?	Yes 32%	No 68%										
What financial advice or guidance do you give your grandchild(ren)? Please select all that apply. ³	Start saving and investing early in life 85%	Don't get into too much debt 75%	Make sure you have basic financial security 45%	Don't put all your financial eggs in one basket 43%	Other 19%							
Are your adult child(ren) raising your grandchild(ren) differently than the way you raised them?	Yes 52%	No 30%	Not sure 16%	Not applicable 3%								
In what ways are your adult child(ren) raising your grandchild(ren) differently than the way you raised them? Please select all that apply. ⁴	They are more lenient than I was 64%	They give their child(ren) fewer household responsibilities than I did 55%	They are able to provide their child(ren) with more opportunities than I could 45%	They don't teach their child(ren) about the value of a dollar 44%	They don't teach their child(ren) about the value of hard work 41%	They spend less time together doing family things 26%	They are stricter than I was 7%	Other 17%				
Have you ever encouraged or spoken to your adult child(ren) about life insurance as a way to protect the future of your grandchild(ren)?	Yes 30%	No 67%	Don't know 4%									
Would you ever encourage or speak to your adult child(ren) about life insurance as a way to protect the future of your grandchild(ren)? ⁵	Yes 22%	No 59%	Don't know 19%									
Which of the following is/would be most important to you?	To distribute smaller gifts throughout my lifetime as needed by my adult child(ren)/grandchild(ren) 78%	To leave a larger sum of money to my child(ren)/grandchild(ren) as a legacy at death 22%										

¹ Base: Have provided financial assistance in last five years.
² Base: Have provided financial assistance in last five years for education.
³ Base: Have provided financial advice.
⁴ Base: Report grandchild(ren) being raised differently.
⁵ Base: Have not encouraged or spoken to adult child(ren) about life insurance.

Methodology

The 2009 Grandparents Poll was conducted by Harris Interactive in May 2009, via its QuickQuerySM online omnibus service. Participants included 1,077 adults age 45 and older who have grandchildren age 25 or younger. Data were weighted to be representative of the total U.S. population on the basis of age, gender, race/ethnicity, education, region, and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online.

MetLife Mature Market Institute

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Demographic Profile

Education:	High School or Less: 55% Some College: 25% College Grad or Higher: 20%
Income:	Less than \$35,000: 23% \$35,000 – \$49,999: 14% \$50,000 – \$74,999: 17% \$75,000 or more: 27%
Employment:	Full-time or Self-employed: 31% Part-time: 7% Retired: 51% Other: 11%
U.S. Region:	Northeast: 17% Midwest: 25% South: 38% West: 21%
Gender:	Female: 60% Male: 40%
Marital Status:	Married: 68% Single: 1% Divorced or Separated or Widowed: 27%

Note: Percentages may not total 100% due to rounding or non-response.

The MetLife Mature Market Institute®

Established in 1997, the Mature Market Institute (MMI) is MetLife's research organization and a recognized thought leader on the multi-dimensional and multi-generational issues of aging and longevity. MMI's groundbreaking research, gerontology expertise, national partnerships, and educational materials work to expand the knowledge and choices for those in, approaching, or caring for those in the mature market.

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