

# Inheritances, Intergenerational Transfers, And the Accumulation of Health: Appendix

Katherine Grace Carman

## Data Description

The PSID contains two questions that ask respondents about inheritances. Beginning in 1988, and continuing in all future surveys households were asked:

- Did you (or anyone else in the family living there) get any other money in [the previous year]—like a big settlement from an insurance company, or an inheritance?
- How much did that amount to?
- How much of that was an inheritance?

We refer to this as the *annual question*. There are two primary advantages of this question. First, it is only about inheritances. Second, because it focuses only on the previous year it does not require respondents to recall events from the distant past. Beginning in 1984, and continuing every 5 years until 1999 and then every two years until 2007, households were asked:

- Some people's assets come from gifts and inheritances. During the last two [five] years, have you (or anyone in your family living there) received any large gifts or inheritances of money or property (worth \$10,000 or more)?<sup>1</sup>
- What year did you receive that?
- How much was it worth altogether, at that time?

We refer to this as the *retrospective question*. This question has the advantage of asking about all years of inheritances, allowing for observation of bequests even when the survey is fielded only every other year and even if the household misses a wave of the survey. However, from 1984 to

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<sup>1</sup> The phrase “worth \$10,000 or more” is not fixed across waves; some waves do not include this at all and others include different amounts

1999, respondents must recall all bequests over a five year period. In addition, this question combines both bequests and large gifts.

Table 1 reports summary statistics for the two measures of bequests at the individual level.<sup>2</sup> In eight years, 1984, 1989, 1994, 1999, 2001, 2003, 2005, and 2007, both questions are asked. Respondents should report inheritances in both questions. However there is a substantial lack of overlap. It seems that some people report the inheritances in only one of the two questions. In order to maximize the number of observations of inheritances we combine the data across the two questions. If an inheritance is reported in only one question, we use that amount. If inheritances are reported in both questions we use the average amount.<sup>3</sup> Note that this is in contrast to the method used by Meer, Miller and Rosen (2003) who use only data from the second set of questions. Combining the data from the retrospective and the annual questions is particularly important because we match bequests across households in the same dynasty.

Because of the timing of these questions, we examine the effect of inheritances received in the previous year, the previous 2 years, and the previous 5 years on health. Using the year of receipt, data from the second set of questions is transformed to assign each inheritance to the year it was received. Thus if an inheritance is received in 1992 this amount is matched to health in 1993. Table 1 also presents summary statistics for the measures of inheritances received in the past 2 or 5 years. The average amount of inheritances received over the past 2 years is \$217,659 with a median of \$25,436. Over 5 years these numbers increase to \$416,869 and \$28,763 respectively.

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<sup>2</sup> This means that some inheritances are observed twice, once for the husband and once for the wife.

<sup>3</sup> We also considered the sum of the two amounts and the maximum of the two amounts. These variations made no difference to our results. Using the original questions is also possible, however, there are fewer observations and results are often not significant.

**Table 1 Summary Statistics for Measures of Inheritance**

<b>Variable</b>	<b>Obs</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Median</b>	<b>Max</b>
<b>Inheritances in Previous Year</b>						
<i>Retrospective Question</i>						
Indicator if received inheritance	209,010	0.014	0.116	0	0	1
Amount of Inheritance	209,010	3.342	229	0	0	39,904
Amount if greater than 0	2,850	245.124	1946	0.013	35.046	39,904
Amount relative to household income	190,616	0.132	18	-3,846.15	0	3,000
Amount relative to household income (if amount greater than 0)	2,812	8.950	152	-3,846.15	0.551	3,000
<i>Annual Question</i>						
Indicator if received inheritance	173,912	0.015	0.121	0	0	1
Amount of Inheritance	173,912	0.747	16	0	0	1,752
Amount if greater than 0	2,576	50.427	117	0.001	15.261	1,752
Amount relative to household income	158,210	0.049	3	-80	0	600
Amount relative to household income (if amount greater than 0)	2,510	3.080	21	-80	0.299	600
<i>Combined</i>						
Indicator if received inheritance	216,681	0.021	0.143	0	0	1
Amount of Inheritance	216,681	3.437	225	0	0	39,904
Amount if greater than 0	4,510	165.119	1,550	0.001	23.046	39,904
Amount relative to household income	196,977	0.137	18	-3,846.15	0	3,000
Amount relative to household income (if amount greater than 0)	4,418	6.130	120	-3,846.15	0.394	3,000
<b>Inheritances in Previous 2 Years</b>						
<i>Combined</i>						
Indicator if received inheritance	214,747	0.036	0.185	0	0.000	1
Amount of Inheritance	214,747	7.757	350	0	0	39,904
Amount if greater than 0	7,653	217.659	1842	4	25.436	39,904
Amount relative to household income	195,302	-0.562	480	-206,879	0	46,347
Amount relative to household income (if amount greater than 0)	7,493	-14.656	2451	-206,879	0.424	46,347
<b>Inheritances in Previous 5 Years</b>						
<i>Combined</i>						
Indicator if received inheritance	200,041	0.079	0.270	0	0	1
Amount of Inheritance	200,041	32.934	861	0	0	50,316
Amount if greater than 0	15,804	416.869	3038	4	28.763	50,316
Amount relative to household income	181,759	0.998	518	-206,879	0	51,684
Amount relative to household income (if amount greater than 0)	15,395	11.788	1780	-206,879	0.475	51,684

All amounts in 1,000s of 2007 dollars. Amounts relative to income are relative to current previous year's taxable household income. Households with zero taxable income are excluded in relative calculations.

**Table 2: Regressions Predicting Receipt of an Inheritance**

VARIABLES	(1) Logit		(2) Fixed Effect Logit	
	Coef.	Marginal Effects	Coef.	Marginal Effects
Age	0.072*** (0.006)	0.001*** (0.000)	0.121*** (0.011)	0.002*** (0.000)
Age Squared	-0.001*** (0.000)	-0.000*** (0.000)	-0.001*** (0.000)	-0.000*** (0.000)
Dummy if Married or Cohabiting	0.244*** (0.042)	0.003*** (0.001)	0.228*** (0.070)	0.005** (0.002)
Dummy if Self Employed	0.179*** (0.045)	0.003*** (0.001)	0.051 (0.068)	0.001 (0.001)
Household Taxable Income	0.001*** (0.000)	0.000*** (0.000)	0.0003 (0.000)	0.000 (0.000)
Individual Labor Income	-0.001** (0.000)	-0.000** (0.000)	-0.001 (0.000)	-0.000 (0.000)
North Central Region	-0.002 (0.047)	-0.000 (0.001)	0.351 (0.215)	0.006* (0.003)
Southern Region	-0.048 (0.046)	-0.001 (0.001)	0.189 (0.183)	0.003 (0.003)
Western Region	0.256*** (0.048)	0.004*** (0.001)	0.282 (0.207)	0.005 (0.003)
Alaska Hawaii	-0.145 (0.283)	-0.002 (0.004)	-0.531 (0.644)	-0.013 (0.021)
Foreign Country	-0.067 (0.230)	-0.001 (0.003)	0.174 (0.367)	0.003 (0.006)
Male	0.083** (0.032)	0.001*** (0.000)		
Less than High School	-0.431*** (0.056)	-0.006*** (0.001)		
Some College	0.208*** (0.042)	0.003*** (0.001)		
College Degree	0.480*** (0.046)	0.009*** (0.001)		
Advanced Degree	0.754*** (0.050)	0.016*** (0.001)		
White	0.352*** (0.074)	0.005*** (0.001)		
Black	-0.923*** (0.090)	-0.012*** (0.001)		
Constant	-6.368*** (0.179)			
Observations	214,091	214,091	45,017	45,017
Number of Individuals			3,255	3,255

Standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 3: Summary Statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
Age	216,615	42.963	15.743	0	101
Dummy if Married or Cohabiting	216,681	0.719	0.450	0	1
Dummy if Self Employed	216,531	0.090	0.286	0	1
Household Taxable Income	216,681	57.220	76.111	-1,285.4	6,036
Individual Labor Income	216,681	28.591	43.344	0	4,033
North Central Region	216,681	0.245	0.430	0	1
Southern Region	216,681	0.443	0.497	0	1
Western Region	216,681	0.156	0.363	0	1
Alaska Hawaii	216,681	0.003	0.054	0	1
Foreign Country	216,681	0.004	0.064	0	1
Male	216,681	0.551	0.497	0	1
Less than High School	214,260	0.234	0.423	0	1
High School	214,260	0.314	0.464	0	1
Some College	147,014	0.659	0.474	0	1
College Degree	214,260	0.123	0.329	0	1
Advanced Degree	214,260	0.067	0.250	0	1
White	216,681	0.642	0.480	0	1
Black	216,681	0.305	0.460	0	1
Self-Assessed Health	215,677	3.572	1.097	1	5

All dollar amounts in 1,000s of 2007 dollars.

**Table 4: Base Case Results Predicting Health using Ordered Logits with and without Fixed Effects for Inheritances in the Last 2 Years**

	Model 1		Model 2		Model 3	
Amount of Inheritance	-5.91e-06 (0.00001)	3.47e-06 (0.00001)			-6.46e-06 (0.00001)	-0.00001 (0.00001)
Dummy if Inherit			0.008 (0.031)	0.246*** (0.022)	0.009 (0.031)	0.249*** (0.022)
Inheritance Relative to Income						
Age	-0.049*** (0.005)	-0.074*** (0.002)	-0.049*** (0.005)	-0.075*** (0.002)	-0.049*** (0.005)	-0.075*** (0.002)
Age Squared	-0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)	0.000*** (0.000)
Married or Cohabiting	-0.125*** (0.026)	0.234*** (0.010)	-0.125*** (0.026)	0.233*** (0.010)	-0.125*** (0.026)	0.233*** (0.010)
Dummy if Self Employed	0.122*** (0.028)	0.320*** (0.014)	0.122*** (0.028)	0.317*** (0.014)	0.122*** (0.028)	0.317*** (0.014)
Household Taxable Income	0.000 (0.000)	0.005*** (0.000)	0.000 (0.000)	0.005*** (0.000)	0.000 (0.000)	0.005*** (0.000)
Individual Labor Income	0.002*** (0.000)	0.007*** (0.000)	0.002*** (0.000)	0.007*** (0.000)	0.002*** (0.000)	0.007*** (0.000)
North Central Region	0.023 (0.093)	-0.055*** (0.013)	0.023 (0.093)	-0.055*** (0.013)	0.023 (0.093)	-0.055*** (0.013)
Southern Region	-0.076 (0.076)	-0.361*** (0.012)	-0.076 (0.076)	-0.358*** (0.012)	-0.076 (0.076)	-0.358*** (0.012)
Western Region	0.039 (0.091)	0.052*** (0.014)	0.039 (0.091)	0.050*** (0.014)	0.039 (0.091)	0.050*** (0.014)
Alaska Hawaii	0.185 (0.252)	0.062 (0.074)	0.185 (0.252)	0.065 (0.074)	0.185 (0.252)	0.065 (0.074)
Foreign Country	0.047 (0.133)	0.245*** (0.064)	0.047 (0.133)	0.246*** (0.064)	0.047 (0.133)	0.246*** (0.064)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	398,312	213618	398,312	213618	398,312	213618
Number of Individuals	18,381		18,381		18381	
Cut Point 1		-5.329*** (0.037)		-5.336*** (0.037)		-5.336*** (0.037)
Cut Point 2		-3.784*** (0.036)		-3.791*** (0.036)		-3.791*** (0.036)
Cut Point 3		-2.118*** (0.035)		-2.124*** (0.035)		-2.124*** (0.035)
Cut Point 4		-0.495*** (0.035)		-0.500*** (0.035)		-0.500*** (0.035)

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors in parentheses.

**Table 5: Comparison of Effects of Inheritances over Time****Table 5A Inheritances in the Last One Year**

	Model 1		Model 2		Model 3	
Amount of Inheritance	-0.00001 (0.00003)	0.00001 (0.00002)			-0.00001 (0.00002)	-3.13e-06 (0.00002)
Dummy if Inherit			-0.017 (0.036)	0.245*** (0.028)	-0.015 (0.036)	0.245*** (0.028)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	402,164	215,517	402,164	215,517	402,164	215,517
Number of Individuals	18,539		18,539		18,539	

**Table 5B: Inheritances in the Last Two Years**

	Model 1		Model 2		Model 3	
Amount of Inheritance	-5.91e-06 (0.00001)	3.47e-06 (0.00001)			-6.46e-06 (0.00001)	-.00001 (0.00001)
Dummy if Inherit			0.008 (0.031)	0.246*** (0.022)	0.009 (0.031)	0.249*** (0.022)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	398,312	213,618	398,312	213,618	398,312	213,618
Number of Individuals	18,381		18,381		18,381	

**Table 5C: Inheritances in the Last Five Years**

	Model 1		Model 2		Model 3	
Amount of Inheritance	-8.69e-06 (6.76e-06)	2.48e-06 (4.92e-06)			-9.04e-06 (6.79e-06)	-7.66e-06 (4.95e-06)
Dummy if Inherit			0.005 (0.028)	0.248*** (0.015)	0.009 (0.028)	0.251*** (0.016)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	371,432	199,083	371,432	199,083	371,432	199,083
Number of Individuals	16,795		16,795		16,795	

**Table 5D: Inheritances in the Next One Year**

	Model 1		Model 2		Model 3	
Amount of Inheritance	0.0003*	0.001***			0.0004**	0.0003**
	(0.0001)	(0.000)			(0.0002)	(0.0001)
Dummy if Inherit			-0.046	0.246***	-0.071*	0.223***
			(0.038)	(0.029)	(0.039)	(0.031)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	337,786	186,074	337,786	186,074	337,786	186,074
Number of Individuals	16,185		16,185		16,185	

**Table 5E: Inheritances in the Next Two Years**

	Model 1		Model 2		Model 3	
Amount of Inheritance	0.00024**	0.001***			0.00029**	0.00022**
	(0.00012)	(0.000)			(0.00013)	(0.0001)
Dummy if Inherit			-0.032	0.243***	-0.055	0.226***
			(0.033)	(0.023)	(0.034)	(0.024)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	325,316	179,967	325,316	179,967	325,316	179,967
Number of Individuals	15,818		15,818		15,818	

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors in parentheses. Regressions also control for age, age squared, marital status, self-employment, total household taxable income, individual labor income, and region dummies.



**Table 6: The Impact of Inheritances by Gender**

	Inheritance in last 1 year		Inheritance in last 2 years		Inheritance in last 5 years	
	Dummy for Inheritance	0.084 (0.051)	0.323*** (0.038)	0.064 (0.043)	0.302*** (0.029)	0.043 (0.038)
Dummy for Inheritance interacted with Male	-0.220*** (0.072)	-0.170*** (0.055)	-0.122** (0.061)	-0.122*** (0.042)	-0.083 (0.056)	-0.109*** (0.030)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	402,164	215,517	398,312	213,618	371,432	199,083
Number of Individuals	18,539		18,381		16,795	

**Table 7: Comparison of Inheritances by Expectations**

	Inheritance in last 1 year		Inheritance in last 2 years		Inheritance in last 5 years	
	Dummy for Inheritance	-0.060 (0.058)	0.209*** (0.044)	-0.005 (0.048)	0.207*** (0.033)	-0.053 (0.041)
Dummy for Inheritance interacted with expectation of inheritance	0.183** (0.089)	0.264*** (0.069)	0.100 (0.076)	0.218*** (0.052)	0.161** (0.067)	0.260*** (0.035)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	286,265	140,858	285,349	140,458	282,547	139,599
Number of Individuals	9,623		9,573		9,545	

**Table 8: The Impact of *Inter Vivos* Transfers**

**Table 8A: Received Income from Family in *Last Two Years***

	Model 1		Model 2		Model 3	
Amount of Income From Relatives	-0.004 (0.004)	0.003** (0.001)			-0.000 (0.003)	0.011*** (0.002)
Dummy if Received Income From Relatives			-0.115*** (0.030)	-0.163*** (0.017)	-0.113*** (0.032)	-0.207*** (0.019)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	234,755	141,759	234,755	141,759	234,755	141,759
Number of Individuals	13,738		13,738		13,738	

**Table 8B: Will Received Income from Family in *Next Two Years***

	Model 1		Model 2		Model 3	
Amount of Income From Relatives	-0.003 (0.004)	0.004** (0.002)			-0.002 (0.004)	0.013*** (0.002)
Dummy if Received Income From Relatives			-0.020 (0.034)	-0.171*** (0.019)	-0.011 (0.036)	-0.222*** (0.021)
Fixed Effects	Yes	No	Yes	No	Yes	No
Observations	201,114	123,553	201,114	123,553	201,114	123,553
Number of Individuals	12,509		12,509		12,509	