Study on Transition into Adulthood by Family Class : Focusing on Policy Implications

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Young adults in Korean society have recently faced many difficulties, including school expenses, unemployment, and wedding costs during their life transition that proceeds from education to employment and marriage. Although they should become independent adults when they move on from their youth, a growing number of young adults could not meet or insufficiently met the requirements for being independent adults even in the second half of their 20s and in the first half of their 30s. Young adult children's delay in financial independence means their parents need to provide a prolonged period of financial support for their children and must take on the added burden of support for children by the parent generation. In this context, the study aims to identify the actual conditions of parents' financial support for their young adult children and to examine whether there is any difference between family groups.

According to the results of the study, the size of financially dependent young adults between ages 25 and 34 has continually increased. In other words, the trends in the proportion of young adults between ages 25 and 34 who were financially dependent on their parents to all national health insurance subscribers show that the proportion rose from 25.3% in 2002 to 30.0% in 2015 for those aged between 25 and 29 and from 9.0% in 2002 to 12.8% in 2015 for those aged between 30 and 34.

Next, using the data from the KLIPS(Korean Labor & Income Panel Study), the study investigated the characteristics of intergenerational transfers of financial support between young adult children and their parent generation. The results of the study show that among the characteristics, gender, age, personal income and parents' household income had a significant impact on the intergenerational transfers. In other words, sons received more financial support from parents than daughters did, and as the children become older and have more income, they received less support. However, the higher the parents' household income, the more likely they were to provide financial support for their children.

Also, according to the results of examining parents' financial support for children by the phase of transition to adulthood, including the period of schooling, employment, and marriage, parents provided financial support for each period. When examined by period, the proportion of "receiving support" was higher as parents had more assets and higher economic status when their children were 20 years old. During the period of employment, the fathers' educational levels, the parents' assets, and the parents' economic status were statistically significant. Different factors influenced wedding costs for men and women: only the parents' assets were significant for men, while the parents' educational levels and economic status were significant for women. It was also found that only the parents' assets had a statistically significant impact on costs for men's preparation of housing for marriage, while the parents' income and current economic status had a significant impact on costs for women's preparation of housing for marriage.