

# Stepping up when non-resident parents fall short: Stepparents' take-up of financial responsibility for stepchildren - Evidence from German Taxpayer Data

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## Research Question

Stepfamilies are an under-researched group. In Germany, the number of stepfamilies is unknown, as no official statistic exists. Additionally, there is limited evidence on the extent to which stepparents assume financial responsibility for their stepchildren and how non-resident parents fulfill their (financial) obligations to their biological child. This descriptive study fills these gaps by a comprehensive analysis of tax records.

## The German tax system

- Upon separation, each parent receives an equal share of the child allowances
- For the non-resident parent, receipt of the child allowances is contingent on providing child support
- The non-resident parent's share of the child allowances may be transferred to a stepparent if:
  - the non-resident parent agrees to the transfer, or fails to meet its financial obligations; and
  - the stepparent declares to the tax office that it has taken the stepchild into their household and is covering the child's living expenses
- We use the full child allowance as a measure of financial responsibility by the stepfamily

## Data & Empirical Strategy

- Identification of financial responsibility for stepchildren via (fictitious) child allowance
- Linear probability model based on pooled ordinary least squares regressions
- Data: Faktisch anonymisierte Daten aus Lohn- und Einkommensteuerstatistik (FAST) from 2007, 2014, 2017 and 2020

## Results

- From 2010 to 2020, the share of stepfamilies among married families stayed consistently at roughly 5%
- The likelihood of a stepfather assuming financial responsibility for his stepchildren is about 21 percentage points higher than that of stepmothers and 22 percentage points higher than that of stepparents in complex stepfamilies.
- The likelihood of non-resident fathers providing child support increases with the number of children in the stepfamily

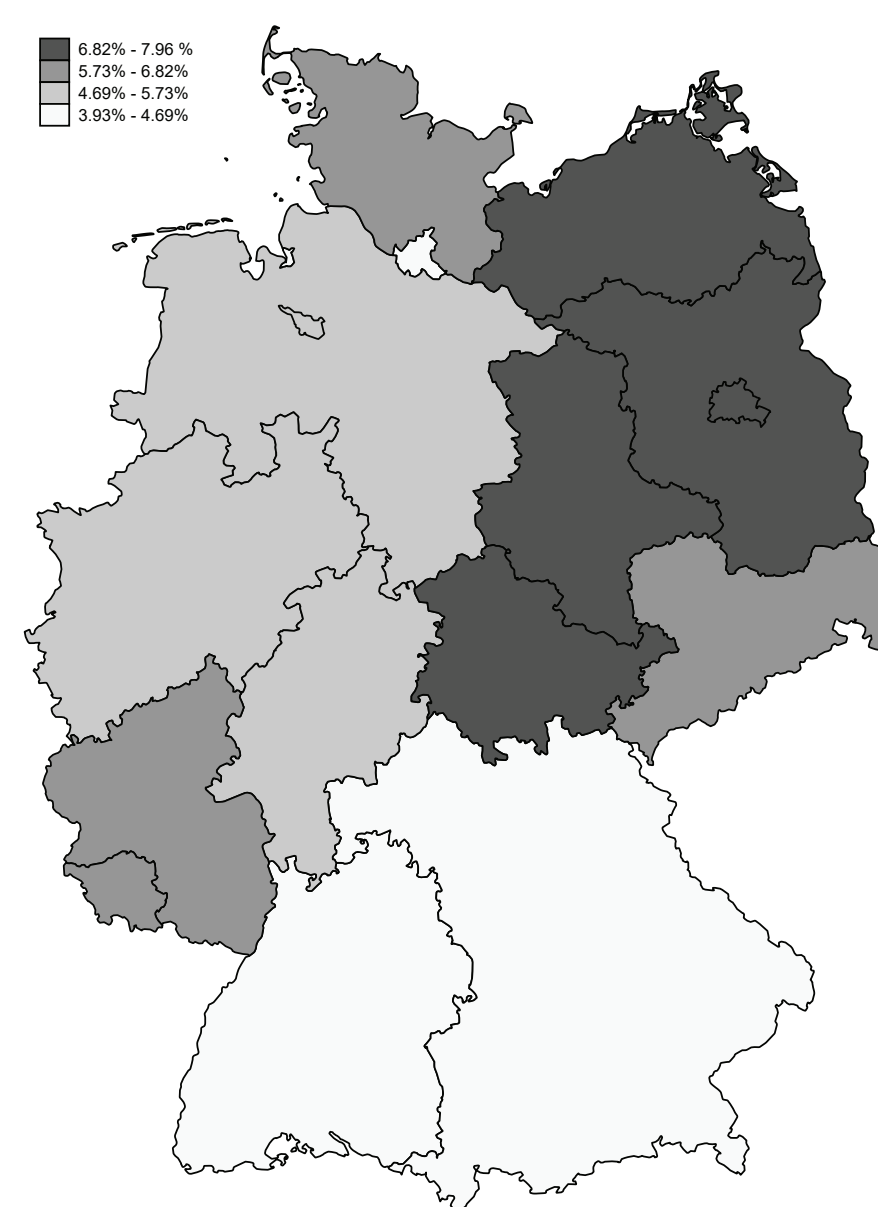


Figure 1: Prevalence of stepfamilies in 2020

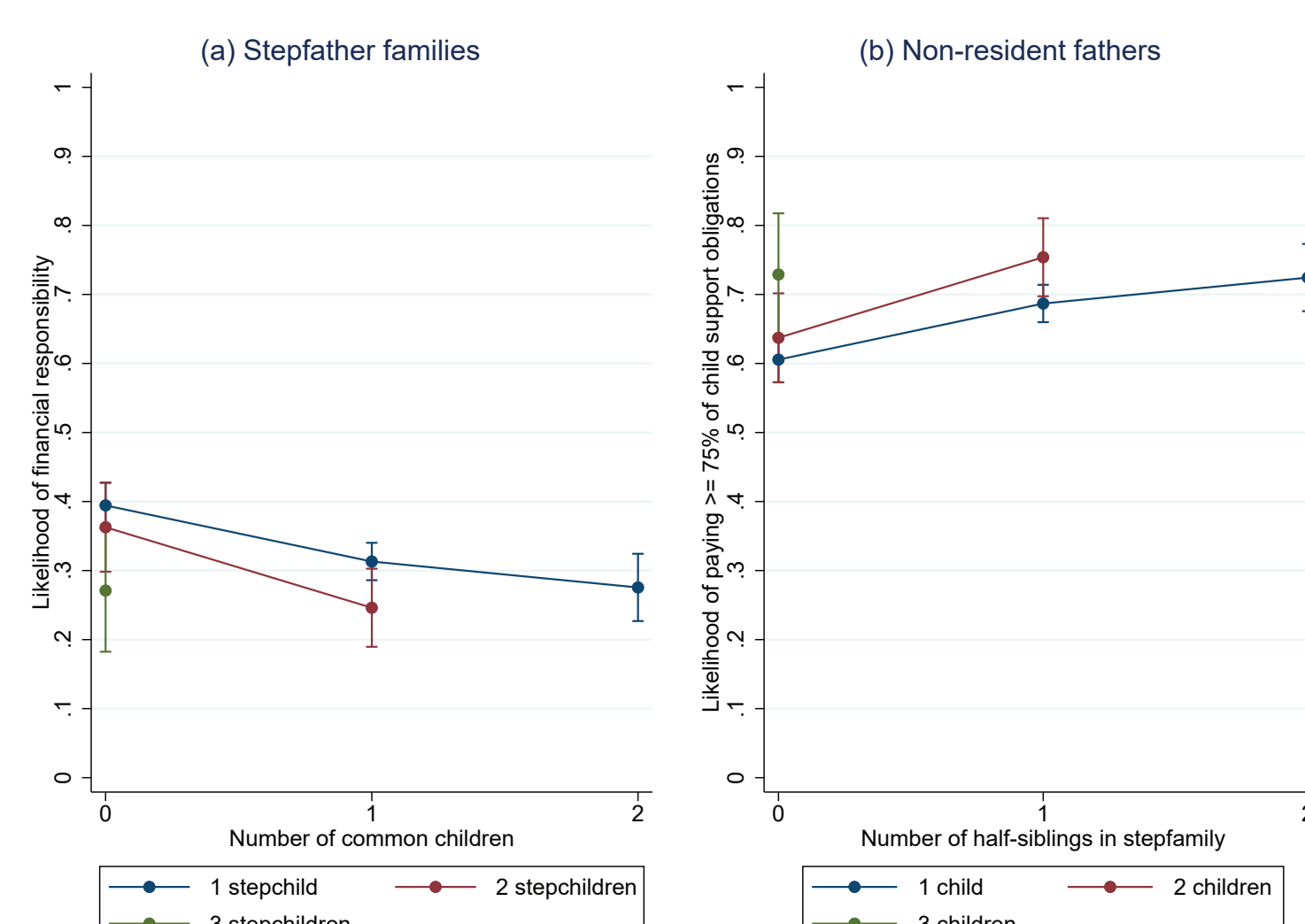


Figure 2: Adjusted means, stepfather households and non-resident fathers