Investing for Children: How Beneficiary Identity Shapes Household Portfolios*

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Abstract

We study how beneficiary identity affects investment decisions. Using Danish administrative data linking parents and children, we compare how the same adult simultaneously manages their own account and their child's account. Investments made for children are safer: child accounts take less systematic and idiosyncratic risk, rely more on mutual funds, and are less likely to hold lottery-like stocks. Despite being less profitable, child portfolios earn higher risk-adjusted returns and exhibit less pronounced behavioral biases. These differences cannot be fully explained by taxes, monitoring, or investment horizon. Instead, our findings point to purpose-specific investing within households.

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Household saving and investment decisions are made at the household level but are often implemented through individual family member accounts (Choukhmane, Goodman and O'Dea (2025)). How do the identities of the accounts' beneficiaries affect these decisions? The literature offers surprisingly little guidance on this margin. Recent studies of financial advice (Foerster et al. (2017); Linnainmaa, Melzer and Previtero (2021)) suggest that investor preferences and biases are stable across contexts. At the same time, the literature on mental accounting shows that earmarking alters consumer spending behavior (Kooreman (2000)). Understanding the extent to which the same person can behave differently when acting on behalf of another family member is central to determining how the purpose of the investment affects investment strategy.

Empirically identifying beneficiary-driven differences in investment behavior is challenging because it requires investor-level data in which the same person manages multiple accounts with different beneficiaries. We overcome this challenge using population-wide administrative data on the disaggregated portfolio holdings of Danish retail investors from 2007 to 2021. In addition to their own brokerage accounts, many Danish investors also manage accounts on behalf of their children. Linking children to their parents allows us to compare how the same adult invests for themselves and for their child.[1] Comparing accounts within the same family at the same point in time, we show that child-labeled accounts are managed differently from parents' own accounts: child accounts hold safer and more diversified portfolios, earn higher Sharpe ratios despite lower expected returns, and exhibit less pronounced behavioral biases. Taken together, these results suggest that the beneficiary's identity materially shapes portfolio choice and trading within the household.

We begin by documenting systematic differences in stock-picking behavior across account types. The overlap of parent and child holdings is surprisingly small: 85% (77%) of securities held by parents (children) are absent from the child's (parents') portfolio. Child accounts feature larger positions in mutual funds while avoiding lottery stocks. When investing on behalf of their children, parents allocate a larger proportion of the portfolio to well-established Danish firms consistent with them minimizing information asymmetry. Assessing the risk-return tradeoff, we find that parent portfolios exhibit higher betas and consequently higher expected returns, but also greater idiosyncratic risk. As a result, child accounts achieve better risk-adjusted returns, with Sharpe ratios that are 5% higher in the full sample and 19% higher among one-parent families. Taken together, these patterns suggest that investors choose investment strategies and risk-return profiles separately for each account they manage.

We continue by asking whether investors' preferences for different asset characteristics

[1] To ensure that the account is fully managed by the parent, we focus on children aged 12 or under.

vary across the accounts they manage. If parents value sustainability and view it as particularly aligned with children's long-run interests, one would expect child accounts to hold a larger share of sustainable assets (Adib et al. (2024); Hellström, Lapanan and Olsson (2020)). However, the opposite would be expected if sustainable investing reflects the non-pecuniary benefit that parents derive from holding sustainable assets directly.[2] We find evidence more consistent with the latter interpretation: when investing for their children, parents allocate less to ESG funds and "green" stocks, and more to "brown" stocks.

Turning next to trading behavior, we find that children's accounts exhibit significantly lower turnover than parents' accounts. Because excessive trading reduces net returns through transaction costs (Barber and Odean, 2000), lower turnover in child accounts improves performance. Comparing susceptibility to the disposition effect, we document a similar pattern: parents are more prone to realize gains too early in their own accounts than in their children's accounts. Together, these results suggest that households treat child accounts with greater discipline, avoiding behaviors that are costly in their personal portfolios.

Having documented differences in retail investors' behavior across accounts, we consider several possible mechanisms that could explain our results. First, while Chetty et al. (2014) show that Danish investors are generally not sensitive to tax incentives, it is possible that our sample is more sophisticated than the average investor. Given that children have a lower effective marginal tax rate (often zero), parents may have an incentive to place more heavily taxed assets in their children's accounts. To explore the effect of taxes on asset choice, we show that parents are less likely to allocate heavily taxed bond funds to child accounts, which is inconsistent with tax-optimizing behavior.

Even if taxation does not determine the allocation of assets across accounts within the family, it may still affect trading behavior. Prior literature on tax-induced trading shows that higher capital gains taxes strengthen the lock-in effect, making investors less likely to realize gains (Ivković, Poterba and Weisbenner, 2005). However, this mechanism would predict that parent accounts exhibit a weaker disposition effect than child accounts, which is inconsistent with our findings. Overall, this evidence suggests that our results are not driven by tax incentives.

Second, another potential mechanism underlying our results is monitoring (Breza and Chandrasekhar, 2019; Dupas and Robinson, 2013). It is possible that oversight by the other parent affects the managing parent's investment behavior, making it more stable and prudent. To test this mechanism, we focus on families in which children have only one living parent. The results for this subsample are similar to the baseline results, suggesting that

[2] A large literature points to non-pecuniary benefits as a key driver of sustainable investing (e.g., Bauer, Ruof and Smeets (2021); Giglio et al. (2025); Heeb et al. (2023); Riedl and Smeets (2017)).

monitoring does not drive our findings.

Third, we consider whether our results can be explained by differences in parents' and children's investment horizons. Standard life-cycle consumption-saving portfolio models with labor income (e.g., Cocco, Gomes and Maenhout (2005)) typically imply that individuals with a longer remaining horizon should invest a larger share of their financial wealth in risky assets.[3] If parents internalize a longer investment horizon when investing for their children, they would be expected to take on more risk in children's accounts. Alternatively, if investments in children's accounts are relatively short term (intended, for example, to cover a car purchase, a down payment on a mortgage, or a graduation trip), one would expect them to be safer.

Our findings on differences in systematic risk between parents and children are consistent with parents treating their children's accounts as short term. To further examine the role of the investment horizon on risk taking, we exploit variation within sibling pairs in the same family. We find that first-born children's accounts bear less systematic risk. We note, however, that although horizon effects could help to explain differences in systematic risk, they are not sufficient to explain the differences in idiosyncratic risk, risk-adjusted performance, or trading behavior, indicating that other mechanisms must be at play.

Next, we consider whether our results can be explained by differences in portfolio size. Because child accounts are typically smaller, one might expect them to be less diversified, which could in turn affect security choice. In addition, individuals may pay less attention to smaller accounts, leading to differences in trading activity.[4] Restricting the sample to households in which the child's account is similar in size to the parent's account, we show that although parents' and children's accounts hold similar numbers of stocks and funds, children's accounts still have a higher fund share, lower risk, and higher risk-adjusted returns. Parents also exhibit lower turnover and a weaker disposition effect in their children's accounts, although the magnitude of these differences is smaller. We conclude that while differences in account size may contribute to the higher turnover and stronger disposition effect observed in parents' accounts, they cannot fully explain our results.

Finally, we evaluate the extent to which our results may be driven by parents investing through multiple mental accounts, one of which is earmarked for the child. Since all of a young child's wealth is managed by the parent, creating a relatively small, separate account to finance a part of the child's future consumption may reflect mental accounting.[5] In this

[3] A similar implication arises in dynamic portfolio choice models with return predictability; see, e.g., Barberis (2000).

[4] Vissing-Jorgensen (2003) show that biases are less pronounced among wealthier households.

[5] Theoretical work on behavioral portfolio choice demonstrates how individuals can maximize their utility from investment under mental accounting (Das et al., 2010; Shefrin and Statman, 2000). Das et al. (2010)

case, labeling the account with the child's name might change the investor's attitude, leading to different investment behavior, such as a higher risk aversion (Dupas and Robinson, 2013; Gargano and Rossi, 2024). Drawing from the literature on mental accounting, we ask whether the emotional or sentimental value attached to the child's account drives the more careful investment behavior of the parent.[6]

To shed light on the role of sentiment in investing on behalf of children, we examine which child characteristics predict the likelihood of opening a child investment account. We conjecture that if the beneficiary's identity and characteristics, such as gender, birth order, or health status, affect the probability of opening an account, parents are likely to associate the account with that child. Controlling for family-by-time fixed effects, which absorb family-wide factors that might affect participation for all children at a given time, such as fluctuations in parental income, we show that male children and first-born children are more likely to have an account. This latter finding is consistent with Price (2008), who document that earlier-born children receive more parental attention than their later-born siblings.

To further test the role of parental attention and care in the decision to open an investment account, we use child hospitalization as an instrument. Using a stacked difference-in-differences event-study design, we find that parents are 40 basis points more likely to open an account for their child following a hospitalization lasting seven or more days. To gauge the economic magnitude of this result, we note that the baseline stock market participation rate among children is 8.4%; hence, a 40-basis-point increase corresponds to a roughly 5% increase in the probability of participation. Overall, this result supports the role of parental sentiment in the decision to open investment accounts for children. To assess whether such sentiment also affects the composition of child accounts and leads to lower risk taking, we further examine the effect of hospitalization on portfolio risk, portfolio beta, and the Sharpe ratio, but find no effects. This suggests that while sentiment can influence the decision to open an account, conditional on opening one, parents' investment strategies are persistent.

This paper contributes to three branches of the literature. First, it complements the literature on within-family resource allocation. Using the Panel Study of Income Dynamics (PSID), Altonji, Hayashi and Kotlikoff (1992) and Hayashi, Altonji and Kotlikoff (1996) reject the hypothesis that the extended family provides perfect insurance to its members. Using expanded measures of consumption from the PSID, Choi, McGarry and Schoeni (2016) find evidence that dynastic income affects individual households' consumption. Despite the

further suggest that different mental accounts can feature different risk aversion.

[6]The psychology literature (Chaulk, Johnson and Bulcroft, 2003; Görlitz and Tamm, 2020; Wang, Kruger and Wilke, 2009) documents that parenthood leads to higher risk aversion.

absence of perfect risk sharing, this literature has documented the insurance role of the extended family, which manifests itself through inter vivos transfers that help smooth fluctuations in transitory income (Cox, 1990; McGarry, 1999, 2016), and dynastic precautionary savings (Boar, 2021). Choukhmane, Goodman and O'Dea (2025) show that couples within the same household display a lack of coordination when allocating retirement-saving contributions across accounts. Focusing on child accounts, Berkman, Koch and Westerholm (2014) show that parents may use such accounts for insider trading. Davydov and Peltomäki (2024) compare accounts opened during childhood with those of the average investor and find that the former generate higher returns at lower risk, potentially reflecting within-family financial training or the greater sophistication of investors who open accounts for their children. We contribute to this literature by providing a detailed study of within-family investment decisions, with particular emphasis on the role of the beneficiary's identity in shaping both asset choice and rebalancing.

Second, our study is related to the large literature on mental accounting (Choi, Laibson and Madrian, 2009; Thaler, 1985, 1990, 1999) and on how investment purpose shapes saving behavior (Gargano and Rossi, 2024). Prior work shows that planning devices and segregated commitment savings accounts improve saving outcomes (Ashraf, Karlan and Yin, 2006; Beshears, Milkman and Schwartzstein, 2016; Dupas and Robinson, 2013; Gargano and Rossi, 2024; John, 2020). In a closely related study, Kooreman (2000) examines how parents in the Netherlands use child benefits and finds that these transfers are predominantly spent on children's consumption. We contribute to this literature by studying how having an account in the name of another household member — an underage child — affects investment behavior.

Third, our analysis builds on a long literature on household investing by bridging two strands that are typically examined in isolation. Using representative datasets, Brunnermeier and Nagel (2008), Bilias, Georgarakos and Haliassos (2010), Bonaparte and Cooper (2009), and Calvet, Campbell and Sodini (2009) document inertia in investment accounts, a finding further supported by research on 401(k) plans (e.g., Agnew, Balduzzi and Sunden, 2003; Benartzi, 2001; Choi et al., 2002, 2004; Madrian and Shea, 2001; Mitchell et al., 2006). In sharp contrast, studies of brokerage accounts document excessive trading by retail investors (Barber and Odean, 2000; Odean, 1999). The two literatures therefore paint conflicting pictures of household investment behavior.

Acknowledging this contradiction, Gomes, Haliassos and Ramadorai (2021) offer two explanations. First, brokerage account holders may differ systematically from participants in more representative survey datasets, such as the PSID or the Survey of Consumer Finances

(SCF) (Bilias, Georgarakos and Haliassos, 2010).[7] In that case, the discrepancy in findings could simply reflect selection. Second, the two literatures may capture the same households at different points in time, introducing another form of sample bias.[8] In this study, we propose a third explanation: households may invest differently across accounts depending on the account's purpose—for example, saving for retirement versus financing short-term consumption. Using within-investor variation, we show that portfolio risk and trading discipline vary systematically with account purpose: when managing child-labeled accounts, parents hold safer portfolios and exhibit fewer trading biases than in their own accounts. This within-investor evidence helps reconcile the apparent contradiction across settings, suggesting that some of the observed differences reflect purpose-specific behavior rather than investor selection.

1 Data and institutional setting

1.1 Institutional details

Retail investing by adults in Denmark: Danish residents typically invest through one or both of the following account types: (i) a standard taxable brokerage account ("*frit depot*"), in which capital gains and dividends are taxed under the general tax rules, and (ii) a share savings account ("*Aktiesparekonto*", often abbreviated as "*ASK*"). The ASK is subject to a flat 17% tax on annual investment returns, calculated on a mark-to-market basis, compared with 27–42% in an ordinary account. In 2021, the final year of our sample period, the ASK deposit limit was 102,300 DKK (≈ $16,000). Only listed equities and equity-based funds are eligible for investment in an ASK.

Universal personal allowance: Every tax resident, whether adult or child, has a personal tax allowance that reduces tax liability on labor income and non-share capital income in the relevant tax year. In 2021, the allowance was 46,700 DKK (≈ $7,300) for adults and 36,900 DKK (≈ $5,800) for individuals under 18.

Investing for a child: There are three main routes, which closely mirror the investment options available to adults.

[7] Such differences may include wealth (Hoopes et al., 2016), education (Calvet, Campbell and Sodini, 2009), or risk aversion.

[8] Large capital gains trigger rebalancing (Brunnermeier and Nagel, 2008), and households rebalance more often in bull markets (Karlsson, Loewenstein and Seppi, 2009).

Aktiesparekonto: Children can hold their own ASK under the same rules as adults: one account per person, equity-only investments (listed shares and equity-based funds), a flat 17% tax levied on a mark-to-market basis, and the same contribution limit. Crucially, the child's ASK is taxed in the child's own assessment, independently of the parents.

Custodial brokerage account: Here, the key determinant of who is taxed is the attribution rule. If the assets, or the cash used to purchase them, are provided by the parents, then interest and dividends on those assets are taxed to the parents until the end of the calendar year in which the child turns 18; by contrast, capital gains on the child's assets are taxed to the child. If the assets are funded by others (e.g., grandparents) or by the child's own earnings, both interest and dividends and capital gains are taxed to the child.

Børneopsparing (child savings account): This tax-advantaged account must be opened no later than the calendar year in which the child turns 14. It is locked in for at least seven years, with payout no earlier than age 14 and no later than the calendar year in which the child turns 21. Contributions are capped at 6,000 DKK ($\approx$ \$940) per year and 72,000 DKK ($\approx$ \$11,300) in total. All returns earned in the account are tax-free during the binding period.

1.2 Data sources

We use Danish administrative records provided by Statistics Denmark that contain detailed demographic, wealth, income, and health information for the entire population. Each individual in Denmark is assigned a personal identification number (CPR) at birth or, in the case of immigrants, upon entering the country, similar to a Social Security number in the United States. Because all individual-level information is linked through this number, we can merge different administrative registers to construct a comprehensive profile of each person. Our analysis draws on the following registers:

Income and wealth data come from the Danish tax authority (SKAT). We use detailed year-end records dating back to 1997 that include income from all sources and the total market value of wealth, disaggregated into broad asset classes such as housing, stocks, and deposits.

Portfolio holdings and trades also come from SKAT. Financial institutions report individuals' year-end holdings and detailed trades in stocks and mutual funds at the security level, identified by International Securities Identification Numbers (ISINs). These data are available from 2007 to 2021. We supplement these data with stock price data from Compustat, mutual fund price data from Morningstar, and exchange rate data from Datastream.

Educational records come from the Danish Ministry of Education and are accessible

through Statistics Denmark. They cover all completed years of formal and informal schooling, degree fields, and other qualifications.

Individual and family information comes from the Danish Civil Registration System. These records include CPR numbers, gender, date of birth, and the CPR numbers of nuclear family members and spouses, enabling us to link children to their parents and siblings.

Medical records come from the Danish Health Authority (Sundhedsstyrelsen). They contain complete information on all treatments, examinations, and hospital stays within the Danish hospital system and are available from 1994 to 2019. We use these data to identify child health shocks, which we define as hospital stays lasting seven or more days. In addition, we use date-of-death information to identify families with only one living parent.

ESG funds are identified using a dictionary of keywords (Adib et al., 2023; Curtis, Fisch and Robertson, 2021; Geczy, Stambaugh and Levin, 2021; Hellström, Lapanan and Olsson, 2020; Lapanan, 2018; Li, Naaraayanan and Sachdeva, 2021; Michaely, Ordonez-Calafi and Rubio, 2024). We search fund names for these keywords and classify a fund as ESG if its name contains at least one of them. These keywords stems include "sustain", "social", "ESG", "PAX", "responsib", "clean", "impact", "SRI", "environm", and "green". We translate these keywords into Danish. Following Adib et al. (2023), we ensure that funds are classified correctly at the time of holding by using historical fund names.

Bond funds are identified using fund names to capture the fund mandate. Unlike portfolio composition, which may change over time for mixed funds, the mandate is generally stable and is often clearly stated in the fund name. We therefore classify a fund as a bond fund if its name contains at least one keyword referring to fixed income or one of its subcategories, such as "bonds", "oblig", "asset backed", "government", "eurobond", "bund", or "treasury".

Green and brown stocks are defined following Adib et al. (2023, 2024) within the set of *energy stocks*. We focus on the energy sector because it provides a stark green–brown contrast between renewable generation (wind, solar, and hydro) and fossil-fuel extraction, processing, and distribution (coal, oil, and gas). Within energy-related industries, firms are classified as green or brown according to their primary business activity.[9] Outside these industries, we identify candidate firms using company-name keywords: green terms ("clean", "green", "hydro", "renew", "solar", "sustain", "wind") and brown terms ("coal", "drill", "gas", "mine", "mining", "oil", "petro"). We then verify firms' primary activities using their websites. We also scan generic terms ("energy", "resource") and assign green or brown status based on the underlying activity.

[9]Energy-related industries are those with SIC codes beginning with 12, 13, 29, 351, 440, 449, 491, 492, 493, 517, or 550.

1.3 Summary statistics

Our analysis focuses on children aged 12 and under for two main reasons. First, at these ages, financial decisions are made almost entirely by parents, as children have limited financial knowledge and influence. By excluding older teenagers, who may have stronger preferences or demand greater involvement in investment decisions, we can more cleanly isolate parent-driven investment behavior and compare it with how parents manage their own portfolios. Second, age 13 coincides with Confirmation, a major religious milestone in Denmark that often involves substantial cash gifts from family and friends. Any increase in account activity around this age is therefore more likely to reflect one-off cash inflows associated with Confirmation than deliberate parental investment decisions.

Table 1 uses the 2021 cross-section of children to compare the characteristics of children and their parents between families in which the child has an investment account and families in which the child does not. Of the 812,168 children in the sample, 68,388 have an investment account, implying a participation rate of 8.4%. Participating children are, on average, 7 years old. In terms of parental characteristics, children with an investment account have parents who are, on average, about three times as wealthy, more than twice as likely to be financially literate, and more than twice as likely to participate in the stock market themselves. Prior evidence on adult stock market participation shows that these characteristics are associated with higher participation among adults (Calvet, Campbell and Sodini, 2007; Vissing-Jorgensen, 2002). It therefore appears that these characteristics also translate into a higher likelihood that parents invest on behalf of their children. Conditional on holding an account, children's average stock holdings amount to 86,600 DKK (approximately $13,600).

2 Differences in holdings

2.1 Overlap

When selecting assets for their personal portfolios, investors are guided by their own preferences and behavioral biases. How do these decisions change when they invest on behalf of their children? If preferences are stable and parents are content with their own portfolios, one would expect them to choose the same securities, or at least a subset of them, for their children's accounts. A natural starting point, therefore, is to ask to what extent parents' and children's portfolios overlap. To answer this question, we focus on family–years in which both the child and at least one parent participate in the market. For simplicity, when both parents hold portfolios individually, we combine them and treat their joint holdings as a single parental portfolio.

Panel A of Figure 1 shows the distribution of overlap in parent and child holdings. Across all distinct securities held within a family, only about 10% are held in both the child's and the parent's portfolios. By contrast, 33% are held exclusively by the child, while 57% are held exclusively by the parent. Thus, contrary to the simple conjecture that parents would replicate their own portfolio choices in their children's accounts, a substantial share of parental holdings (85%) is absent from the child's portfolio. Even more strikingly, nearly three-quarters of the securities selected for children are not held by their parents at all.

Building on this aggregate comparison, we next examine how consistently these patterns appear across families by focusing only on securities held in child accounts. In Panel B of Figure 1, we plot the distribution of overlap between these securities and parents' portfolios. The distribution is distinctly bimodal: around 18% of families hold nearly identical portfolios for parents and children, while in more than half of families (55%), the two portfolios share no common securities. This polarization suggests that many households apply fundamentally different investment rules when managing their children's accounts than when managing their own.

2.2 Risk

The literature on household investment behavior documents a substantial effect of individual preferences and information frictions on stock picking (Balasubramaniam et al., 2023; Barber and Odean, 2001; Keloharju, Knüpfer and Linnainmaa, 2012; Massa and Simonov, 2006). For investors to adopt a fundamentally different approach to stock picking on behalf of their children, despite their own characteristics remaining unchanged, preferences across accounts must be shaped by additional considerations.

One of the most important investor characteristics is risk aversion. Risk aversion is usually viewed as a stable individual characteristic that extends across different activities. However, in the context of mental accounting, theoretical models suggest that the same investor can display different degrees of risk aversion across mental accounts (e.g., Das et al., 2010). Thus, we may expect individuals to exhibit a different degree of risk aversion when making decisions on behalf of their children. While the life-cycle hypothesis suggests that parents investing on behalf of their children might take into account a longer investment horizon and, as a result, bear more market risk (Cocco, Gomes and Maenhout, 2005), a behavioral perspective would instead predict that parents invest more cautiously on behalf of their children (e.g., Görlitz and Tamm, 2020; Ziegelmeyer and Ziegelmeyer, 2016).

To test these hypotheses, we compute the variance of returns on the risky portfolio, defined as the portfolio of stocks and mutual funds, for each investor-year pair. Because

Denmark is a small open economy, we follow Calvet, Campbell and Sodini (2007) and use the MSCI World Index, converted into Danish kroner, as the market portfolio. We use the previous three years of monthly returns to compute the variance-covariance matrix of asset returns and asset betas, and decompose total portfolio risk as

$$\sigma_{i,t}^2 = \beta_{i,t}^2 \sigma_{m,t}^2 + \sigma_{\epsilon,i,t}^2, \tag{1}$$

where $\sigma_{i,t}^2$ is the total risk of investor i's portfolio, $\sigma_{m,t}^2$ is the variance of the market portfolio, $\beta_{i,t}$ is the beta of investor i's portfolio, and $\sigma_{\epsilon,i,t}^2$ is the idiosyncratic risk. We then regress the risk measures on a child account indicator and include family-year fixed effects following Equation 2.

$$Y_{ift} = \beta \cdot Child_i + \mu_{ft} + \epsilon_{ift}, \tag{2}$$

where Y_{ift} is a risk measure computed for individual i in family f in year t. $Child_i$ is an indicator equal to one if individual i is a child rather than a parent, and μ_{ft} denotes family-year fixed effects.[10] Including these fixed effects implies that identification comes from within-family variation, while absorbing any family-wide factors that affect both parents and children, such as fluctuations in household income. The results are reported in Table 2.

Column (1) shows that children's accounts bear lower total risk than parents' accounts. On an annualized basis, children take $0.676 \times \sqrt{12} = 2.34$ percentage points less total risk than their parents, whose annualized portfolio standard deviation is $7.717 \times \sqrt{12} = 26.7$ percentage points. According to Equation 1, this difference can arise from either the systematic component, the idiosyncratic component, or both. Column (2) sshows that children bear significantly lower systematic risk, as measured by beta. While adult portfolios have average betas close to 1, children's portfolios have betas that are 6% lower.[11] This finding is consistent with the behavioral hypothesis that parents display greater risk aversion when investing on behalf of their children. Column (3) shows that parents' accounts exhibit higher idiosyncratic risk, suggesting that they are less diversified.

While evidence from brokerage accounts suggests that retail investors are generally underdiversified (Barber and Odean, 2000; Calvet, Campbell and Sodini, 2007; Odean, 1999), the underlying reasons remain unclear. Odean (1999) and Barber and Odean (2000) show that households typically hold only a handful of individual stocks, exposing them to high

[10] We define families f at the parent–child level. If a parent has two children with accounts in their names, each child is assigned a separate family identifier and therefore receives a distinct fixed effect.

[11] We confirm that this result does not depend on the choice of market index. Using MSCI Denmark instead of MSCI World to compute betas, we obtain a lower baseline parental beta (0.82), but still find that children have a 5% lower beta.

idiosyncratic risk and reducing risk-adjusted returns. By contrast, Calvet, Campbell and Sodini (2007) highlight the role of mutual funds, showing that a nontrivial fraction of Swedish households achieve substantial diversification — and even higher Sharpe ratios than the domestic index — by investing in mutual funds, including those with global exposure.

Turning to our setting, Columns (4)–(6) show that children's portfolios contain fewer securities overall but allocate a significantly larger share to mutual funds. Specifically, the fund share is about 10 percentage points higher than in parents' accounts, resulting in greater diversification despite the smaller size of children's portfolios. This pattern suggests that one important channel through which parents reduce risk in their children's accounts is by relying more heavily on mutual funds for diversification.

2.3 Preferences

Beyond increasing the share of mutual funds, parents can also reduce portfolio risk by selecting safer individual stocks or stocks they perceive as more familiar. If so, we should observe lower investment in securities typically associated with high volatility and gambling behavior. Prior work documents that retail investors exhibit a preference for "lottery stocks" (Goetzmann and Kumar, 2008; Kumar, 2009).[12] If parents are unaware of the risks involved, one would expect similar allocations to lottery stocks in both their own and their children's accounts. By contrast, if parents recognize the elevated risk and nevertheless accept it in their personal portfolios, greater risk aversion should lead them to avoid these stocks when investing for their children.

Moreover, if the latter conjecture is correct, greater risk aversion in child-labeled accounts should also lead to a more pronounced home bias. If Danish investors tend to view domestic firms as more familiar, then, when faced with the trade-off between diversification and familiarity, they may favor the latter (Massa and Simonov, 2006). One would therefore expect children's portfolios to allocate a larger share to domestic or local equities and to the securities most popular among retail investors, which are typically the largest companies in the Danish stock market index, OMXC20.

To test these conjectures, we proceed in three steps. First, we identify lottery stocks using stock prices and the distribution of daily returns, following Kumar (2009). Second, we classify stocks by country of registration based on the first two letters of the ISIN, and compute, for each investor, the value-weighted share of holdings in Danish stocks and, more broadly, in Nordic stocks (Denmark, Finland, Iceland, Norway, and Sweden). Third, to capture preferences for popular securities, we rank all stocks in each year by the total

[12] We follow Kumar (2009) and define a lottery stock as one with above-median idiosyncratic volatility, above-median idiosyncratic skewness, and a below-median stock price.

value of Danish retail ownership, select the top 10, and measure the share of each investor's portfolio allocated to these top-10 stocks.

We estimate Equation 2 using portfolio composition variables as dependent variables and report the results in Table 3. Column (1) shows that child accounts have a 0.5 percentage point lower weight in lottery stocks, which is economically significant compared to the parents' average of 2.6%. This pattern is consistent with parents recognizing the gambling-like nature of these stocks and avoiding them when investing on behalf of their children. Columns (2) and (3) further indicate a stronger tilt toward domestic and Nordic equities in children's portfolios: whereas parents allocate 87.5% of their stock holdings to domestic equities and 94.5% to Nordic equities, the corresponding figures for children's accounts are 92.8% and 96.8%, respectively. Column (4) shows that parents' portfolios allocate 58.2% of their value to the ten most popular Danish stocks, whereas children's portfolios allocate about 5 percentage points more to these stocks. Taken together, these results suggest that parents reduce the perceived riskiness of their children's accounts not only through greater diversification but also through more conservative stock selection.

We next ask whether the same investor exhibits different preferences for sustainable assets across the accounts they manage. The theoretical prediction is ambiguous. If parents associate sustainable investing with concern for their children's future, child accounts may hold a larger share of sustainable assets (Adib et al. (2024); Hellström, Lapanan and Olsson (2020)). By contrast, if sustainable investing reflects the non-pecuniary benefit that parents derive from holding sustainable assets directly (e.g., Heeb et al. (2023); Riedl and Smeets (2017)), they may choose to invest more in sustainable assets when investing on their own behalf. Under this view, child accounts should hold a lower share of ESG funds and green stocks and a higher share of brown stocks.[13] To test these competing predictions, we estimate Equation 2 using the share of ESG funds among all funds and the shares of green and brown energy stocks among all stocks as dependent variables. Table 4 reports the results.

Column (1) shows that, on average, children allocate 3.4% of their fund holdings to ESG funds. This is 16 basis points less than the corresponding share in their parents' portfolios. Similarly, children allocate 15 basis points more of their stock portfolios to brown energy stocks and 50 basis points less to green energy stocks. A lower share of sustainable assets in the child's account — both among stocks and among funds — is consistent with parent-specific non-pecuniary utility from holding sustainable assets.

[13] Adib et al. (2023) show that sustainable investing is a luxury good, suggesting that account size may be an important determinant of the share of sustainable assets. We return to this possibility in Section 4.5.

3 Trading strategies and performance

The differences in portfolio composition between children's and parents' accounts suggests that parents may also use a different approach to managing these portfolios over time. For example, relatively safe and well-diversified holdings in children's accounts suggest that parents may leave them unchanged for longer periods. If so, parents' accounts should exhibit higher turnover than children's accounts.

Column (1) of Table 5 examines differences in stock portfolio turnover between parents and children using Equation 2.[14] Parents trade substantially more in their own accounts. This finding suggests that when parents invest on behalf of their children, they adopt trading strategies that reduce excessive trading, one of the key sources of losses in retail investors' accounts (Odean, 1999).

Since households trade less intensively in children's accounts, they may also adopt strategies that are less prone to the biases prevalent in retail trading, such as the disposition effect — the tendency to retain stocks with paper losses while selling stocks with gains. Following the literature (e.g., Andersen, Mukherjee and Nielsen, 2021), we construct the measure of the disposition effect as the difference between the proportion of realized gains, defined as the ratio of realized gains to the sum of realized and paper gains, and the proportion of realized losses. Column (2) of Table 5 shows that, consistent with our conjecture, the disposition effect is significantly weaker when investors trade on behalf of their children. This finding indicates greater trading discipline, that is, more rational behavior, when managing children's portfolios.

Differences in investment strategies across accounts should affect expected returns. Because children's accounts bear less systematic risk, one would expect them to earn lower returns than parents' accounts. However, because parents also take on more idiosyncratic risk, one would expect their own accounts to deliver lower risk-adjusted returns. Columns (3) and (4) of Table 5 confirm this conjecture. Children's portfolios have higher risk-adjusted returns but lower expected returns, consistent with their holdings being safer and better diversified. As with the risk measures, returns and Sharpe ratios are computed and reported at the monthly level. In annualized terms, children earn $0.06 \times 12 = 0.72$ percentage point lower expected returns and have Sharpe ratios that are $0.007 \times \sqrt{12} = 2.4$ percentage points higher, which is 5% above their parents' annualized Sharpe ratio of 0.47. These results suggest that parents resolve the risk–return trade-off differently depending on whether they invest for themselves or for their children. his is consistent with the idea, proposed by Das

[14] For each investor-year, turnover is defined as the sum across ISINs of $|\Delta\text{shares}| \times \text{price}_t$, normalized by total portfolio value in year t, with values restricted to the $[0, 1]$ interval.

et al. (2010), that investors' risk aversion can vary across mental accounts.

4 Mechanisms and Interpretation

Parents appear to treat investments in their own accounts differently from investments in their children's accounts. To better understand these differences, we consider six alternative mechanisms that could explain our results. We begin by considering whether tax incentives affect how parents invest. Next, we assess whether monitoring, or the possibility of monitoring, by both parents influences our results. We then turn to two other factors: investment horizon and delegated investing. We also consider whether our results are driven by differences in account size between parents and children. Finally, we assess the role of mental accounting in explaining our main findings.

4.1 Tax incentives

Tax incentives can affect retail investors' portfolios (Chetty et al., 2014; Dai et al., 2008; Elton and Gruber, 1970; Ivković, Poterba and Weisbenner, 2005). Studying Danish retirement accounts, Chetty et al. (2014) find that only 15% of the population is sensitive to tax incentives. However, the authors also document that tax-sensitive investors are wealthier and more financially sophisticated, which matches the profile of parents who open accounts for their children in Table 1. We therefore consider the ways in which taxes may affect parents' decisions.

First, the tax system creates a potential motive to allocate assets across family members. Since children typically face a lower effective marginal tax rate on capital income, parents may choose to place more tax-disadvantaged assets in their children's accounts. In Denmark, returns on bond funds are typically taxed less favorably than returns on equity funds.[15] Under a tax-optimization motive, children's accounts should therefore be more likely to hold bond funds. Yet Column (6) of Table 3 shows that children's accounts are, in fact, less likely to hold such funds, which runs counter to the tax-based explanation.

Second, even if taxation does not determine the allocation of assets across accounts within the family, it may still affect trading behavior. For example, the literature on tax-induced trading shows that higher capital gains taxes strengthen the lock-in effect, making investors less likely to realize gains (Ivković, Poterba and Weisbenner, 2005). However, if this mechanism were driving our results, one would expect parents' accounts to exhibit a

[15] In Danish taxable accounts, returns on bond funds are taxed as capital income, with effective rates reaching about 42%. By contrast, returns on equity funds are taxed as share income at 27% up to the threshold and 42% above it.

weaker disposition effect than children's accounts. This prediction is inconsistent with our findings. We conclude that, although one cannot completely rule out the effect of taxes on parents' investment behavior, tax incentives are unlikely to drive our results.

4.2 Joint monitoring

Another factor that may affect the composition and performance of children's accounts is monitoring (Breza and Chandrasekhar, 2019; Dupas and Robinson, 2013). While individual investors may behave carelessly when trading in their own brokerage accounts, monitoring by another family member, such as the other parent, may make the investing parent more deliberate in both asset selection and trading.

To test this mechanism, we focus on families in which children have only one living parent. In these cases, the remaining parent is less likely to have a partner who can monitor investment decisions. Despite a smaller sample size, the results in Tables A-1, A-2, and A-3 are generally stronger than the results obtained for two-parent families. Widowed parents take significantly less risk — both systematic and idiosyncratic — in their own accounts than parents in the full sample, consistent with Love (2010). They are also better diversified and achieve higher risk-adjusted returns. The pattern is even stronger in children's accounts. The annualized Sharpe ratio for a child in a one-parent family is $(0.183+0.034)\times\sqrt{12} = 0.75$, which is 19% higher than the parent's annualized Sharpe ratio of $0.183 \times \sqrt{12} = 0.63$. These results suggest that parental risk aversion may play an important role in shaping investment decisions both in parents' own accounts and in those they manage on behalf of their children. Because these patterns are similar in the full sample and in one-parent families, we conclude that our results are unlikely to be driven by joint monitoring.

4.3 Investment horizon

Investment horizon may also help explain the differences we document across accounts. When allocating assets to a child's account, parents may consider the child's age and the horizon over which the funds are expected to remain invested. In standard life-cycle portfolio models, a longer investment horizon is typically associated with a higher optimal share of risky assets (Cocco, Gomes and Maenhout, 2005). This mechanism suggests that if parents view the child's account as a longer-term investment vehicle, they would allocate a larger share of risky assets to that account. This prediction, however, is inconsistent with our findings, as children's accounts are, on average, exposed to less systematic risk. A horizon-based explanation can still account for this pattern if parents view the child's account as intended for earlier-life expenses, such as a car, education, or a down payment on a home.

The child's effective investment horizon may then be shorter than that of the parents' own wealth, making a safer allocation more appropriate and consistent with the empirical results.

To further assess the role of investment horizon in shaping risk taking, we exploit within-family variation in siblings' horizons. Table A-4 shows that first-born children's accounts bear less systematic risk. While differences in investment horizon can therefore rationalize the cross-account variation in portfolio risk, they do not account for the observed patterns in idiosyncratic risk, risk-adjusted performance, or trading behavior, suggesting that additional mechanisms are also at play.

4.4 Delegated investing

One possible explanation is that individuals become more risk-averse whenever they invest on behalf of someone else, regardless of who the beneficiary is. While plausible, this interpretation is difficult to reconcile with the recent literature on delegated investing and financial advice (Foerster et al., 2017; Linnainmaa, Melzer and Previtero, 2021). In particular, Linnainmaa, Melzer and Previtero (2021) show that financial advisors exhibit similar investment biases and achieve similar returns in their own personal accounts and in the accounts they manage for their clients. Moreover, these patterns persist even after retirement, suggesting that the biases advisors project onto their clients are rooted in their own personal characteristics. Taken together, this evidence suggests that our findings are unlikely to be explained simply by the fact that parents invest on behalf of another person. Rather, the identity of the beneficiary matters: parents invest differently when the account belongs to their child than when it belongs to them.

4.5 Account size

One potential confounding factor is account size. Because child accounts are typically smaller, one might expect them to be less diversified, which could in turn affect security choice and trading behavior. In addition, account size may affect preferences for sustainable assets, affecting the interpretation for our results. If the main motivation for ESG investing is a non-pecuniary benefit derived from holding sustainable assets (e.g., Heeb et al. (2023); Riedl and Smeets (2017)), parents may invest more in sustainable assets in their own accounts to maximize that benefit, which they do not experience when investing in another person's name. By contrast, if ESG investing is a luxury good (Adib et al., 2023), parents may purchase fewer sustainable assets for their children because they perceive themselves as "poorer" in the relatively smaller child accounts. Under either interpretation, account size could contribute to the differences we observe across accounts.

To test the effect of account size on diversification, risk taking, and sustainable investing, we restrict the sample to households in which the child's account is similar in size to the parent's account. We classify accounts as similar in size when the difference in account value is less than 10% of the parent's account value. Table A-5 shows that, while parents and children hold similar numbers of stocks and funds, children still have a higher fund share and lower systematic and idiosyncratic risk. Parents also exhibit lower turnover and a weaker disposition effect in their children's accounts, as documented in Table A-6, although the magnitude of the difference is smaller. This finding suggests that account size can partially explain the difference in dynamic trading behavior between parents and children. However, parents who invest similar amounts for themselves and for their children exhibit significantly lower turnover and disposition effects in their own accounts as well. The relative magnitude of the disposition effect for accounts that are close in size is comparable to that in the main sample. Finally, Table A-7 shows that parents hold more ESG funds and fewer brown stocks than their children, suggesting that account size cannot explain the difference in parents' ESG preferences across accounts. We conclude that differences in account size are unlikely to be the main driver of our findings.

4.6 Mental accounting

We showed in Sections 2 and 3 that parents invest differently when managing assets for their children than when investing for themselves. The observed differences in portfolio holdings and trading behavior suggest that parents are more risk-averse when investing in their children's accounts. This pattern is consistent with the idea that investment behavior varies across mental accounts depending on the purpose attached to the funds. If assets held for a child are mentally labeled with the child's identity, such labeling may help explain why parents behave differently across accounts. Motivated by the literature on mental accounting, we therefore examine whether the emotional or sentimental value attached to a child's account contributes to more cautious investment behavior.

To shed light on the role of sentiment in investing on behalf of children, we examine which parental and child characteristics predict the opening of a child investment account. Our premise is that if the probability of opening an account varies with the child's identity or characteristics, such as gender, birth order, or health status, this suggests that parents meaningfully associate the account with that specific child. By contrast, if account opening is driven only by parental characteristics, this would be more consistent with the idea that parents use children's accounts primarily for their own purposes, such as tax optimization.

4.6.1 Parents and children's characteristics

Which child characteristics predict whether a child has an investment account? To identify the household and child characteristics associated with children's stock market participation, we estimate the following participation regression for all children under 12:

$$Y_{iht} = \alpha + \delta \cdot X_{iht} + \beta \cdot Z_{ht} + \gamma_t + \epsilon_{iht} \tag{3}$$

where Y_{iht} equals 1 if child i in household h participates in the stock market in calendar year t, and 0 otherwise. X_{iht} is a vector of child characteristics: age, gender, and birth order. Z_{ht} is a vector of household characteristics: whether the parents live together, total parental income and financial wealth (in deciles), and the average age of the parents (in 10-year bins).

Table 6 reports the results. Column (1) presents the baseline specification from Equation 3. In Column (2), we augment this specification with household fixed effects to control for time-invariant household-level characteristics that may affect participation. In our strictest specification, shown in Column (3), we include household-by-year fixed effects. This allows us to better isolate the role of child characteristics by controlling for any family-wide factors that may affect participation for all children at a given point in time, such as fluctuations in parental income.

We find that child characteristics are key determinants of stock market participation. First, child gender matters for stock market participation both across and within families. Male children are between 0.35-0.59 percentage points more likely to have investments than female children. These effects are economically sizable relative to the population probability of stock market participation among children, which is 8.4%. Second, being first-born is positively associated with stock market participation, even within the same family. This may reflect the greater attention that parents devote to first-born children (Price, 2008) and relates to the work of Black, Devereux and Salvanes (2005) on the importance of birth order for children's education. Third, as for adult investors (Ameriks and Zeldes, 2004; Fagereng, Gottlieb and Guiso, 2017; Guiso, Haliassos and Jappelli, 2003), a child's age is an important determinant of stock market participation. Appendix Figure A-1 reports the coefficients and shows that participation increases monotonically with the child's age.

Second, parental attributes significantly influence children's stock market participation across households. Figure A-2 reports the estimated coefficients on parental financial wealth and income deciles. As expected, higher levels of parental financial wealth and income are positively associated with the likelihood that children hold investment accounts. Moreover, living with both parents and having at least one parent who participates in the stock market or has financial education or training are all important contributors to cross-household

variation in children's investment behavior. Overall, while some determinants of children's account opening are family-specific, child-level characteristics also account for within-family differences in stock market participation.

4.6.2 Children's health

To test causally whether caring motives induce parents to invest for their children, we use child hospital admissions as an exogenous shock to concerns about the child's future. We identify health shocks using administrative data on hospital admissions from 1994 to 2019. A child is classified as having experienced a health shock if admitted to hospital for seven or more consecutive days within a year. We focus on the first such admission, which we define as the "event", and restrict attention to events occurring between 2007 and 2021, the period for which we observe portfolio holdings. These children form the treated group in our analysis.

To construct a comparable control group that accounts for nationwide trends in stock market participation, we select children for whom neither they nor any of their siblings ever experiences a health shock during our sample period. This yields a set of "pure" controls—children who are never directly or indirectly exposed to the treatment. We perform exact matching on the child's age, gender, and municipality of residence; the number of siblings; whether the parents live together and are married; and the father's age (in 10-year bins), all measured in the year of the health shock. To account for parental financial knowledge and prior stock market engagement, we also match on whether at least one parent participates in the stock market. Finally, we select the closest match based on total parental financial wealth and discard matches for which the wealth difference exceeds 35,000 DKK (approximately $5,500).

Table 7 provides summary statistics for the treatment and control groups, alongside those for the full population of children. There are 127,802 treated children, corresponding to approximately 7% of the population of children. The treated and control groups have very similar characteristics.[16] Relative to the full population, treated children are slightly more likely to be male. They also come from less wealthy households, and their parents are less likely to participate in the stock market.

With the treatment and control groups in place, we use an event-study specification to estimate the impact of a health shock on child stock market participation. Because different children are treated at different times, treatment is staggered. Staggered treatment can

[16] While the matching is based on characteristics measured in the event year, the summary statistics are computed from pooled data spanning 2007–2021. The fact that treated and control units remain similar on average in this broader sample is reassuring and suggests that the match is not driven by idiosyncrasies of the event year.

produce biased estimates when treatment effects vary over time (Borusyak, Jaravel and Spiess, 2024; Goodman-Bacon, 2021). To address this concern, we implement the "stacked regression" approach proposed by Baker, Larcker and Wang (2022). For each matched treatment–control pair, we construct a separate dataset g and then stack all such datasets together. We estimate the following specification:

$$Y_{igt} = \alpha_{ig} + \lambda_{gt} + \sum_{k=-5, k\neq -1}^{5} \beta_k \cdot \mathbb{1}(t = E_i + k) + u_{igt} \tag{4}$$

where Y_{igt} equals 1 if child i in pair g participates in the stock market in calendar year t, and 0 otherwise. E_i is the event year for individual i, and $\mathbb{1}(t = E_i + k)$ is an indicator for t being k years after the event year.[17]

The key distinction between the stacked regression specification and a traditional two-way fixed effects model is the inclusion of high-dimensional fixed effects. α_{ig} denotes pair-specific individual fixed effects, while λ_{gt} denotes pair-time fixed effects, ensuring that participation is compared within each pair at the same point in calendar time. This tight specification, which exploits within-pair variation, allows us to identify the coefficients of interest, β_k, which capture the effect of a health shock on stock market participation k years relative to the event.

Figure 2 plots the baseline event-study coefficients. Pre-trends are flat, with all lead estimates statistically indistinguishable from zero. Following the health shock, participation increases immediately by 10 basis points and continues to rise over the next three years, eventually plateauing at an increase of 40 basis points. Given the baseline participation rate of 8.4% reported in Section 1.3, this corresponds to a substantial relative increase of approximately 5%. These results show that a plausibly exogenous shock to concerns about a child's future, triggered by hospitalization, can induce parents to begin investing on behalf of their children.

To assess whether the effects are more pronounced for certain subgroups, we repeat the analysis after splitting the sample by different characteristics (Figure 3). We find little difference by the child's gender (Figure 3a). We also find no difference by parents' marital status (Figure 3b). By contrast, splitting the sample by total parental financial wealth (Figure 3c) reveals much stronger effects for above-median-wealth households, with the effect reaching about 70 basis points at the five-year horizon. Finally, the effects are somewhat larger when parents themselves participate in the stock market (Figure 3d).

While such emotional and caring motives can induce parents to start investing for their

[17] Control observations are never treated, so we can think of $E_i = \infty$ for them.

child, it is also useful to test whether parents change portfolio composition. Evidence that parents shift toward less risky securities could indicate that emotional factors drive the differences between child and parent portfolio allocations. However, as shown in Figure 4, we find no changes in idiosyncratic risk, systematic risk, or Sharpe ratios, suggesting that conditional on investing for the child, parents' investment behavior is persistent.

5 Conclusion

This paper asks whether the same individual invests differently when assets are earmarked for different household members. Using Danish administrative data that link parents and children, we observe adults who simultaneously manage a personal taxable brokerage account and at least one account in a child's name. Our empirical design compares these portfolios within the same family and year, absorbing both stable investor characteristics and contemporaneous household-level conditions that affect both accounts.

We document large and systematic within-household differences in portfolio construction. When investing on behalf of their children, parents hold portfolios that are safer and more diversified, rely more heavily on mutual funds and well-established domestic and Nordic equities, and avoid lottery-like stocks. The same adults take on more systematic and idiosyncratic risk in their own accounts. Trading behavior also differs across the two settings: child-labeled accounts exhibit lower turnover and a weaker disposition effect. Consistent with these patterns, child accounts achieve higher risk-adjusted performance despite lower expected returns.

Taken together, the evidence suggests that household portfolio choice is purpose-specific. Parents do not simply replicate their personal investing strategy when the beneficiary changes. Instead, the beneficiary label is associated with a shift toward more conservative asset selection and greater trading discipline, consistent with mental accounting and goal-based investing within the household. Our mechanism tests further support this interpretation: patterns in account opening point to sentiment, while alternative explanations such as taxes, partner monitoring, and other confounding factors receive less support.

More broadly, our results highlight that heterogeneity in observed risk taking, diversification, and trading behavior across datasets and account settings reflects not only investor type and constraints, but also the intended beneficiary of the assets. Treating the investor as the sole decision-making unit can therefore mismeasure household preferences and distort inference about risk tolerance, financial sophistication, and susceptibility to biases. Beneficiary labels and within-household account segmentation may thus help reconcile previously documented differences in investment behavior across administrative and brokerage data.

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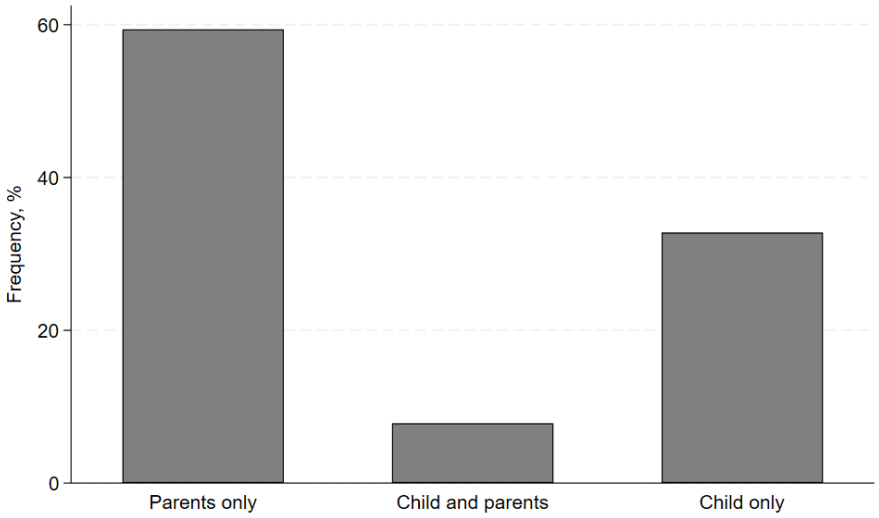
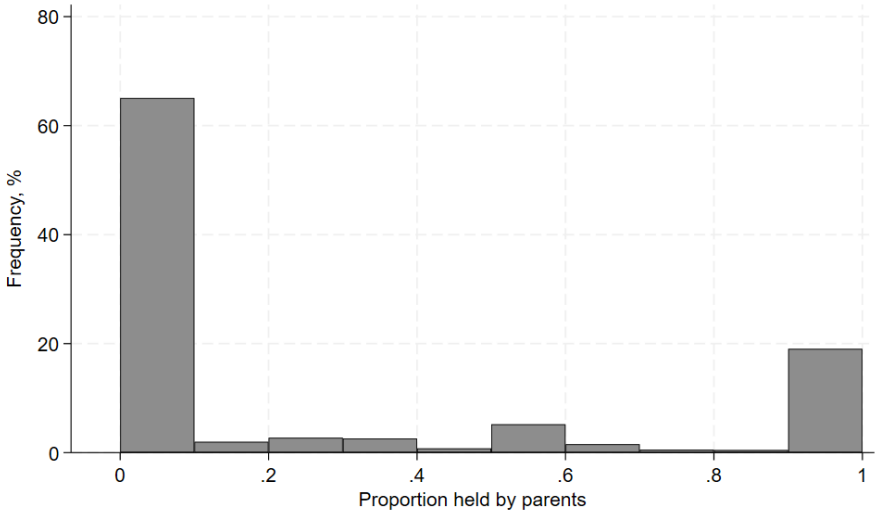
Figure 1: Overlap of children's and parents' holdings
This figure shows the overlap of security ISINs between parents' and children's accounts within the same family. Holdings of both parents are treated as a single portfolio. Panel A shows the proportion of ISINs held by the same family, which are only present in the parents' portfolio (first column), child's portfolio (third column), or both portfolios (second column). Panel B shows the distribution of overlaps between parents and children as proportion of the number of ISINs held on the child's accounts.



Panel A. Overlap of holdings at the family–year level.



Panel B. Proportion of ISINs from child's account also held by the parents.

Figure 2: Impact of a health shock on child stock market participation
This figure shows the impact of a child health shock — defined to be a hospital stay of seven or more days — on stock market participation of the same child. We estimate Equation 4:

$$Y_{igt} = \alpha_{ig} + \lambda_{gt} + \sum_{k=-5, k\neq -1}^{5} \beta_k \cdot \mathbb{1}(t = E_i + k) + u_{igt}$$

where $\mathbb{1}(t = E_i + k)$ equals one if calendar year t is k years after the year of individual i's health shock, and zero otherwise. Coefficient estimates are in units of percentage points. For example, a coefficient estimate of 1 at horizon k means relative participation rates between the treated and control group increased by 1 percentage point k years after the shock. The reference period is 1 year before the shock. Standard errors are clustered at the person level. 95% confidence intervals are shown.

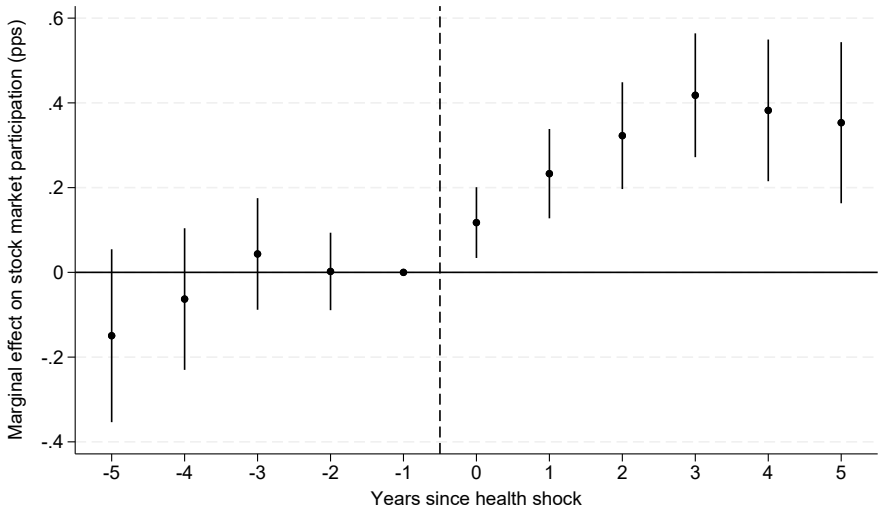


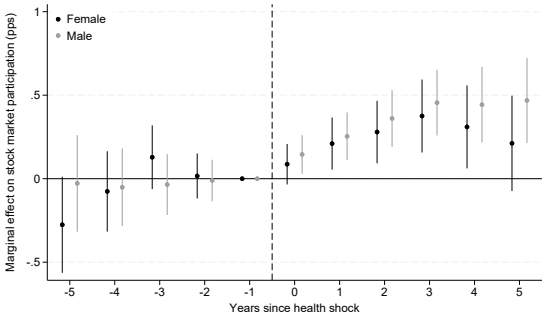
Figure 3: Impact of a health shock on child stock market participation by child and parent characteristics

This figure shows the impact of a child health shock-defined to be a hospital stay of 7 or more days on stock market participation of the same child, separately by various child and parent characteristics. Panel (a) splits the sample based on the gender of the child. Panel (b) splits by whether the parents are married and living together. Panel (c) splits by total financial wealth of the parents (below and above median within our sample), and Panel (d) looks at whether at least one parent was in the stock market the year before the shock. All characteristics are measured as of the event year ($k = 0$). We estimate Equation 4:

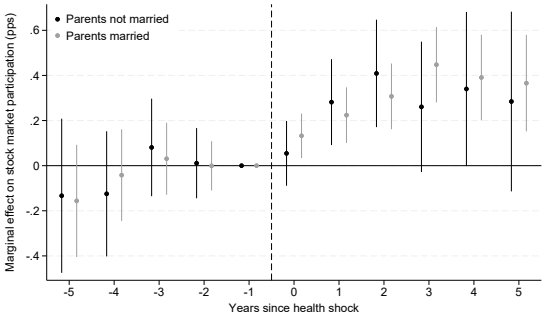
$$Y_{igt} = \alpha_{ig} + \lambda_{gt} + \sum_{k=-5, k\neq -1}^{5} \beta_k \cdot \mathbb{1}(t = E_i + k) + u_{igt}$$

where $\mathbb{1}(t = E_i + k)$ equals one if calendar year t is k years after the year of individual i's health shock, and zero otherwise. Coefficient estimates are in units of percentage points. For example, a coefficient estimate of 1 at horizon k means relative participation rates between the treated and control group increased by 1 percentage point k years after the shock. The reference period is 1 year before the shock. Standard errors are clustered at the person level. 95% confidence intervals are shown.

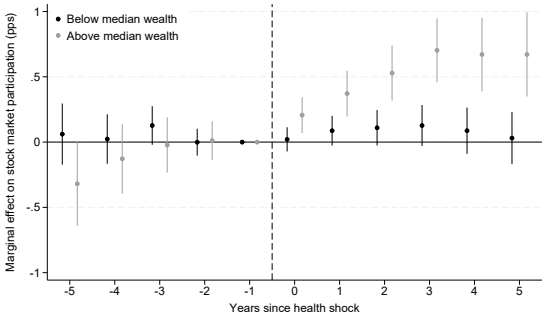
(a) Gender of child



(b) Marital status of parents



(c) Financial wealth of parents



(d) Stock market participation of parents

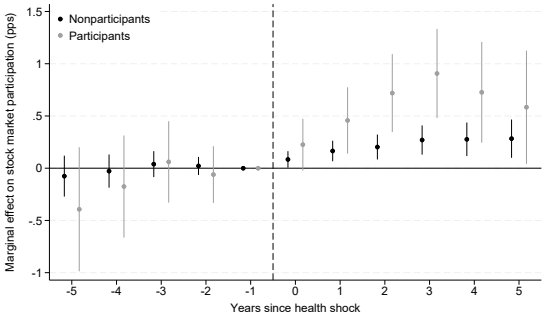
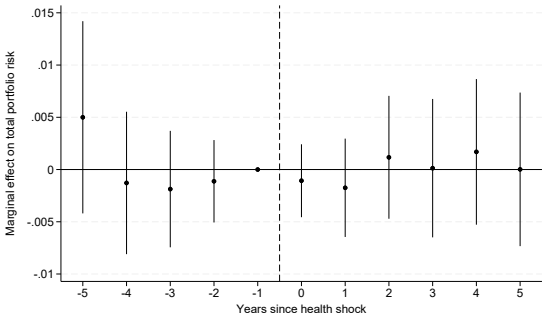


Figure 4: Impact of a health shock on child portfolios
This figure shows the impact of a child health shock-defined to be a hospital stay of 7 or more days on various portfolio characteristics of the same child, namely total risk (Panel a), portfolio beta (Panel b), idiosyncratic risk (Panel c), and Sharpe ratio (Panel d). We estimate Equation 4:

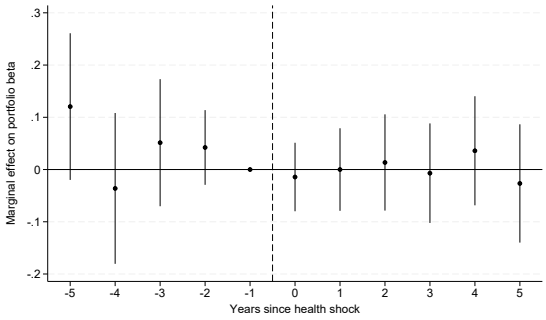
$$Y_{igt} = \alpha_{ig} + \lambda_{gt} + \sum_{k=-5, k\neq -1}^{5} \beta_k \cdot \mathbb{1}(t = E_i + k) + u_{igt}$$

where $\mathbb{1}(t = E_i + k)$ equals one if calendar year t is k years after the year of individual i's health shock, and zero otherwise. Coefficient estimates are in units of percentage points. For example, a coefficient estimate of 1 at horizon k means relative participation rates between the treated and control group increased by 1 percentage point k years after the shock. The reference period is 1 year before the shock. Standard errors are clustered at the person level. 95% confidence intervals are shown.

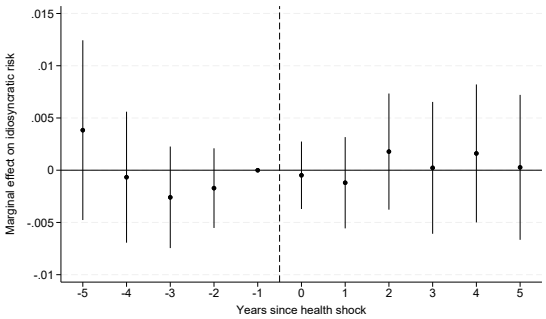
(a) Total risk



(b) Portfolio beta



(c) Idiosyncratic risk



(d) Sharpe ratio

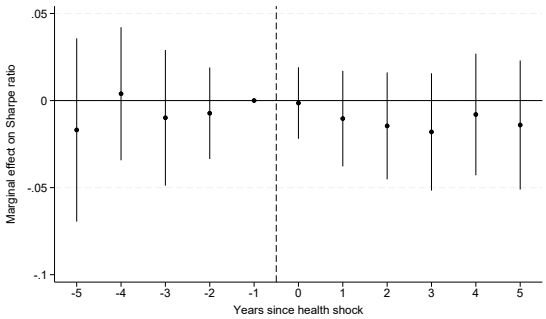


Table 1: Summary statistics

This table shows the mean and standard deviations (in parentheses) of the main attributes of children aged 12 or below and their parents in 2021. Column (1) looks at the full population of children. Columns (2) and (3) split the population by whether the child holds stocks and/or mutual funds or not. Column (4) reports the difference in means for the two groups with t-statistics reported below in parentheses. *Parents' fin. wealth* is the sum of financial wealth of both parents and is in units of thousands DKK. An individual is defined to be "financially literate" if they have had some economics or finance education. *Parents' fin. literacy* equals one if at least one parent is financially literate, and zero otherwise. *Child stock holding* is the value of stock holdings (both individual stocks and mutual funds), conditional on having nonzero stock holdings (i.e., being a stock market participant). *Parents' stock holding* is the value of stock holdings across both parents, conditional on the sum of holdings being nonzero (i.e., at least one parent being a stock market participant). Financial wealth and stock holdings are winsorized at the 0.5^{th} and 99.5^{th} percentiles. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

	(1) All	(2) Participant	(3) Nonparticipant	(4) Diff (2)-(3)
Age of child	6.10	6.90	6.03	0.87***
	(3.79)	(3.75)	(3.79)	(57.30)
Male child	0.51	0.52	0.51	0.01***
	(0.50)	(0.50)	(0.50)	(6.09)
Parents' fin. wealth ('000s DKK)	366.50	969.23	311.09	658.14***
	(758.63)	(1,435.14)	(634.49)	(223.70)
Parents' fin. literacy	0.09	0.21	0.08	0.13***
	(0.29)	(0.41)	(0.28)	(110.74)
Parents hold stocks	0.36	0.73	0.32	0.41***
	(0.48)	(0.45)	(0.47)	(218.22)
Parents married and live together	0.81	0.85	0.80	0.05***
	(0.40)	(0.36)	(0.40)	(30.44)
Child stock holding ('000s DKK)	86.59	86.59		0.00
	(202.72)	(202.72)		
Parents' stock holding ('000s DKK)	204.64	1,221.54	111.14	1,110.41***
	(8,147.11)	(20,405.25)	(5,838.74)	(34.13)
Number of children	812,168	68,388	743,780	

Table 2: Risk taking and diversification

This table shows the within-family difference of portfolio holdings between parents and their underaged children. *Total risk* is the average standard deviation of the portfolio's monthly returns over the previous 3 years. *Beta* is the portfolio beta constructed as the weighted average of all securities' betas. *Idiosyncr. risk* is defined per Equation 1 as total risk adjusted for market risk. *# stocks* is the number of distinct stocks in the portfolio. *# funds* is the number of distinct funds in the portfolio. *Fund share* is the portfolio share invested in funds. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Total risk	Beta	Idiosyncr. risk	# stocks	# funds	Fund share
Child	-0.676***	-0.055***	-0.653***	-1.180***	-1.717***	10.337***
	(-13.35)	(-32.14)	(-12.75)	(-68.49)	(-65.86)	(65.02)
Constant	7.717***	0.987***	6.329***	3.068***	4.000***	23.034***
	(209.50)	(809.91)	(170.18)	(230.40)	(215.36)	(204.62)
Obs	1,215,316	1,216,791	1,201,239	1,065,801	351,101	1,402,075
Family–year FE	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R^2	0.05	0.76	0.05	0.58	0.62	0.65

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 3: Asset choice

This table reports within-family differences in stock picking between parents and their underage children. *% lottery* is the portfolio share invested in lottery stocks as defined in Kumar (2009). *%. domestic* and *% Nordic* are the portfolio shares invested in Danish stocks and Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden) respectively. *% Top 10* is the share of the portfolio invested in the 10 most popular stocks in Denmark. *% passive* is the portfolio share invested in passive funds (either ETFs or index funds). *% bond fund* is the portfolio share invested in bond funds. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	% lottery	% domestic	% Nordic	% Top 10	% passive	% bond fund
Child	-0.511***	5.277***	2.339***	4.738***	-1.901***	-4.379***
	(-12.54)	(45.76)	(35.76)	(25.80)	(-10.71)	(-16.33)
Constant	2.625***	87.549***	94.502***	58.209***	15.886***	26.501***
	(93.06)	(1042.18)	(1987.21)	(454.66)	(131.92)	(147.01)
Family-year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	1,065,801	1,065,801	1,065,801	1,065,801	346,051	346,051
R-squared	0.65	0.64	0.65	0.70	0.76	0.71

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 4: Preference for sustainability

This table reports within-family differences in preferences for sustainability between parents and their underage children. *% ESG funds* is the share of the (fund) portfolio invested in ESG funds. *% brown stocks* is the share of the (stock) portfolio invested in brown stocks. *% green stocks* is the share of the (stock) portfolio invested in green stocks. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	% ESG funds	% brown stocks	% green stocks
Child	-0.160**	0.150**	-0.496***
	(-2.20)	(2.09)	(-5.89)
Constant	3.563***	3.374***	5.162***
	(73.13)	(67.78)	(89.50)
Family-year FE	Yes	Yes	Yes
N	346,051	1,065,801	1,065,801
R-squared	0.65	0.59	0.58

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5: Performance

This table reports within-family differences in trading strategies and returns between parents and their underage children. *Turnover* is the annual portfolio turnover. *DE* is the disposition effect defined as the difference between the proportion of gain and the proportion of losses realized. *Expected return* is the portfolio's monthly expected return. *Sharpe ratio* is the portfolio's monthly Sharpe ratio. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Turnover	DE	Expected return	Sharpe ratio
Child	-0.042***	-0.021***	-0.060***	0.007***
	(-48.82)	(-30.96)	(-6.62)	(14.08)
Constant	0.198***	0.038***	0.651***	0.137***
	(313.38)	(77.11)	(97.38)	(403.52)
Obs	1,158,006	847,296	1,215,316	1,215,316
Family–year FE	Yes	Yes	Yes	Yes
Adj. R^2	0.34	0.26	0.10	0.65

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Determinants of children stock market participation

This table shows determinants of children stock market participation based on the estimates from Equation 3:

$$Y_{iht} = \alpha + \delta \cdot X_{iht} + \beta \cdot Z_{ht} + \gamma_t + \epsilon_{iht}$$

where Y_{iht} equals 1 if child i of household h is a stock market participant in calendar year t, and zero otherwise. X_{iht} is a vector of child characteristics: age, gender, and rank of birth of the child. *Birth Rank* is the birth order of the child. Z_{ht} is a vector of parents characteristics: whether the family lives together, parents' combined income and financial wealth deciles, and average group age of the parents. An individual is defined to be "financially literate" if they have had some economics or finance education. *At least one parent with fin. education* equals one if at least one parent is financially literate, and zero otherwise. Column (1) includes only year and municipality fixed effects. Column (2) adds mother fixed effects, and Column (3) adds mother-by-year fixed effects. Coefficients are translated to percentage point units. Standard errors are clustered at the person level.

	(1)	(2)	(3)
Male	0.589***	0.358***	0.349***
	(11.81)	(14.02)	(11.45)
Birth Rank=2	-0.707***	-0.427***	-0.604***
	(-12.43)	(-13.32)	(-15.66)
Birth Rank=3	-1.815***	-0.592***	-0.843***
	(-23.16)	(-8.96)	(-10.66)
Birth Rank=4 or more	-3.176***	-0.428***	-0.310**
	(-29.12)	(-3.71)	(-2.33)
Live with both parents	0.411***		
	(6.34)		
At least one parent participating	8.515***		
	(143.24)		
At least one parent with fin. education	3.535***		
	(30.87)		
Constant	5.430***	8.234***	8.375***
	(14.23)	(299.63)	(241.08)
Sample mean	8.169	8.160	8.171
Year FE	Yes	Yes	No
Municipality FE	Yes	Yes	Yes
Child age FE	Yes	Yes	Yes
Parent income & wealth FE	Yes	Yes	Yes
Mother FE	No	Yes	No
Mother x Year FE	No	No	Yes
N	8,687,902	8,669,062	6,464,869
R-squared	0.07	0.76	0.91

t statistics in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Summary statistics for health shock analysis

This table shows the mean and standard deviations (in parentheses) of the main attributes of children aged 12 or below and their parents using pooled data from 1997 to 2021. Column (1) looks at the full population of children. Columns (2) and (3) look at the subset of the population involved in our health shock analysis. Column (2) looks at the children who experience a health shock and therefore form our treated group ("Treated"). Column (3) looks at the children who form the matched control group. *Child holds stocks* equals one if the child has nonzero stock holdings, and zero otherwise. *Parents' financial wealth* is the sum of financial wealth of both parents. An individual is defined to be "financially literate" if they have had some economics or finance education. *Parents' financial literacy* equals one if at least one parent is financially literate, and zero otherwise. *Parents hold stocks* equals one if at least one parent has nonzero stock holdings, and zero otherwise. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

	(1) All	(2) Treated	(3) Control	(4) Difference (2)-(3)
Age of child	6.12	5.95	5.95	0.00
	(3.74)	(3.59)	(3.59)	(0.21)
Male child	0.51	0.54	0.54	-0.00
	(0.50)	(0.50)	(0.50)	(-0.43)
Child holds stocks	0.07	0.06	0.06	0.00**
	(0.26)	(0.24)	(0.24)	(2.53)
Parents' financial wealth ('000s DKK)	231.65	139.65	142.53	-2.88***
	(446.43)	(279.82)	(283.23)	(-7.87)
Parents' financial literacy	0.08	0.07	0.07	-0.00***
	(0.28)	(0.25)	(0.25)	(-9.60)
Parents hold stocks	0.32	0.24	0.25	-0.00***
	(0.47)	(0.43)	(0.43)	(-6.42)
Parents married and live together	0.79	0.77	0.78	-0.01***
	(0.41)	(0.42)	(0.41)	(-9.98)
Number of individuals	1,771,605	127,802	116,062	

Appendix

A-1 Additional tables and figures

Figure A-1: Impact of child age on their stock market participation
This figure shows the impact of a child age on their stock market participation. We estimate Equation 3:

$$Y_{iht} = \alpha + \delta \cdot X_{iht} + \beta \cdot Z_{ht} + \gamma_t + \epsilon_{iht}$$

here Y_{iht} equals 1 if child i of household h is a stock market participant in calendar year t, and zero otherwise. Coefficients are translated to percentage point units. 95% confidence intervals are shown.

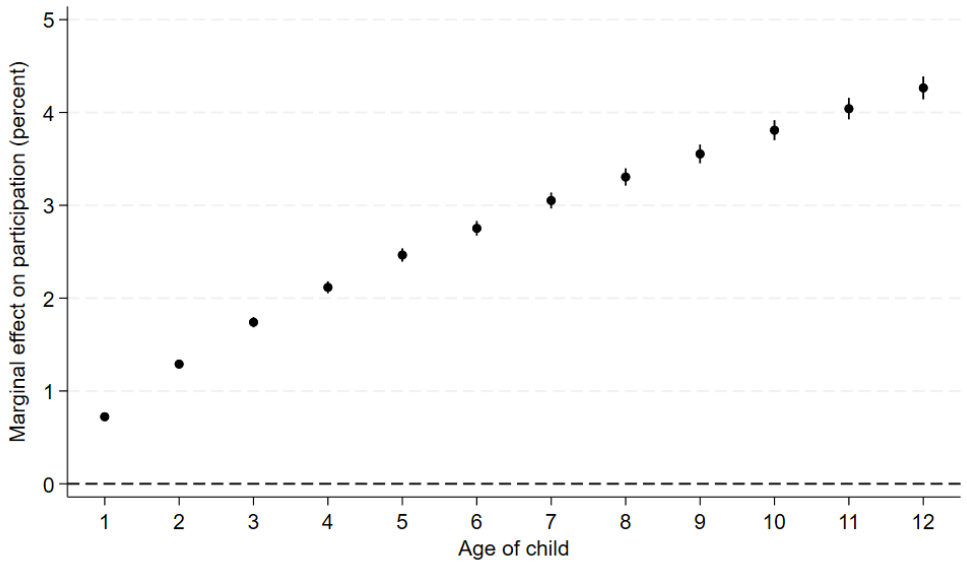
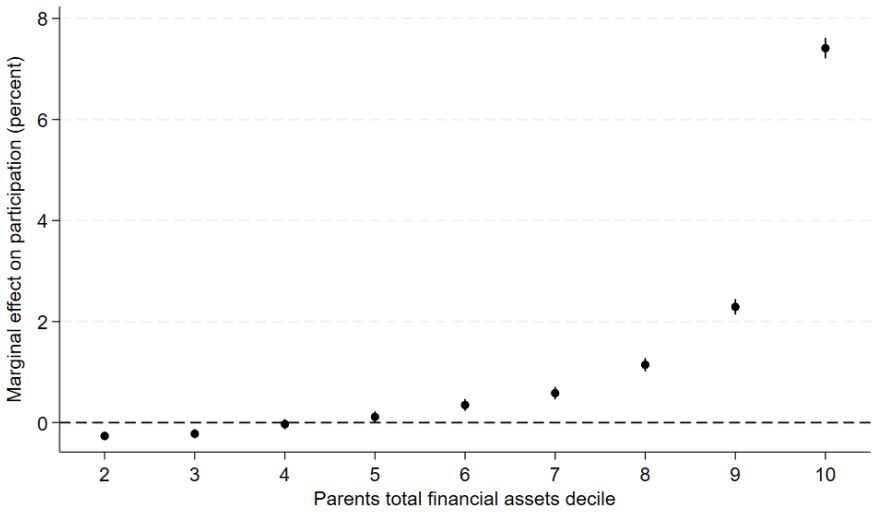


Figure A-2: Impact of parental financial wealth and income on children participation These figures show the impact of parental financial wealth (Panel a) and income (Panel b) on child stock market participation. We estimate Equation 3:

$$Y_{iht} = \alpha + \delta \cdot X_{iht} + \beta \cdot Z_{ht} + \gamma_t + \epsilon_{iht}$$

here Y_{iht} equals 1 if child i of household h is a stock market participant in calendar year t, and zero otherwise. Parental financial wealth is the sum of financial wealth of both parents. We use the decile of parental financial wealth across the population in the regression. We do the same for total income. Coefficients are translated to percentage point units and are relative to the omitted decile (decile 1). 95% confidence intervals are shown.

(a) Parents' financial assets



(b) Parents' total income

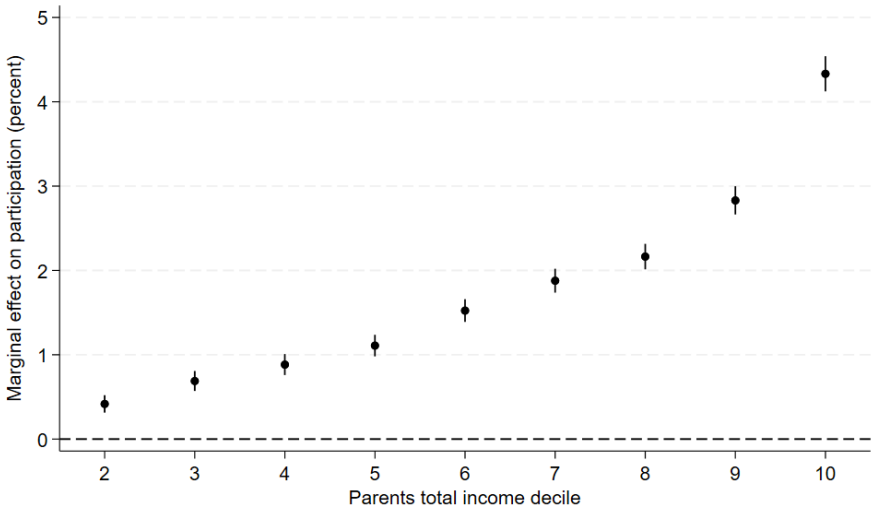


Table A-1: Risk taking and diversification in one-parent families
This table shows the within-family difference of portfolio holdings between parents and their underaged children, when the child has only one living biological parent. *Total risk* is the average standard deviation of the portfolio's monthly returns over the previous 3 years, *Beta* is the portfolio beta constructed as the weighted average of all securities betas, *Idiosyncr. risk* is defined per Equation 1 as total risk adjusted for market risk, *# stocks* is the number of distinct stocks in the portfolio, *# funds* is the number of distinct funds in the portfolio, and *Fund share* is the portfolio share invested in funds. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Total risk	Beta	Idiosyncr. risk	# stocks	# funds	Fund share
Child	-1.747***	-0.226***	-1.478***	-2.016***	-1.108***	23.737***
	(-15.83)	(-17.93)	(-13.81)	(-9.45)	(-8.14)	(19.57)
Constant	5.170***	0.760***	3.989***	4.194***	4.892***	51.957***
	(59.66)	(76.53)	(47.46)	(24.57)	(45.26)	(54.51)
Family-year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	19,570	19,628	19,072	7,840	11,894	21,686
R-squared	0.67	0.70	0.64	0.68	0.60	0.67

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-2: Asset choice in one-parent families
This table reports within-family differences in stock picking between parents and their underage children, when the child has only one living biological parent. *% lottery* is the portfolio share invested in lottery stocks as defined in Kumar (2009). *%. domestic* and *% Nordic* are the portfolio shares invested in Danish stocks and Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden) respectively. *% Top 10* is the share of the portfolio invested in the 10 most popular stocks in Denmark. *% passive* is the portfolio share invested in passive funds (either ETFs or index funds). *% bond fund* is the portfolio share invested in bond funds. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	% lottery	% domestic	% Nordic	% Top 10	% passive	% bond fund
Child	-0.285	6.024***	2.481***	3.254**	-1.838***	9.563***
	(-0.74)	(5.28)	(3.45)	(2.08)	(-3.09)	(7.64)
Constant	1.972***	87.074***	93.863***	58.397***	6.306***	44.937***
	(6.31)	(96.31)	(166.88)	(47.22)	(13.25)	(45.66)
Family-year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	7,840	7,840	7,840	7,840	11,704	11,704
R-squared	0.69	0.66	0.67	0.75	0.72	0.69

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-3: Performance in one-parent families

This table reports within-family differences in trading strategies and returns between parents and their underage children, when the child has only one living biological parent. *Turnover* is the annual portfolio turnover. *DE* is the disposition effect defined as the difference between the proportion of gain and the proportion of losses realized. *Expected return* is the portfolio's monthly expected return. *Sharpe ratio* is the portfolio's monthly Sharpe ratio. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Turnover	DE	Expected return	Sharpe ratio
Child	-0.078***	-0.021***	-0.083***	0.034***
	(-10.12)	(-2.73)	(-4.61)	(8.98)
Constant	0.213***	0.048***	0.554***	0.183***
	(35.54)	(8.14)	(39.98)	(61.95)
Family-year FE	Yes	Yes	Yes	Yes
N	10,552	6,168	19,570	19,570
R-squared	0.66	0.61	0.70	0.80

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-4: Different horizon analysis within family

This table shows the within-family difference of portfolio holdings between first-born and other siblings. *Total risk* is the average standard deviation of the portfolio's monthly returns over the previous 3 years. *Beta* is the portfolio beta constructed as the weighted average of all securities betas. *Idiosyncr. risk* is defined per Equation 1 as total risk adjusted for market risk. *# stocks* is the number of distinct stocks in the portfolio, *# funds* is the number of distinct funds in the portfolio, and *Fund share* is the portfolio share invested in funds. *First-born* is a dummy variable equal to 1 if the child is the first born of that family. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Total risk	Beta	Idiosyncr. risk	# stocks	# funds	Fund share
First-born	-0.113***	-0.008***	-0.109***	0.131***	0.119***	0.613***
	(-16.09)	(-9.67)	(-15.77)	(30.27)	(21.27)	(9.92)
Constant	6.790***	0.904***	5.467***	1.733***	1.942***	35.350***
	(1366.66)	(1556.05)	(1117.01)	(566.18)	(489.51)	(806.19)
Obs	387,132	387,312	383,174	303,682	169,860	432,180
Family–year FE	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R^2	0.97	0.98	0.97	0.96	0.96	0.98

t statistics in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-5: Risk taking and diversification in families with similar account sizes
This table shows the within-family difference of portfolio holdings between parents and their underaged children when parent's and child's accounts are close in size (i.e., less than 10% difference). *Total risk* is the average standard deviation of the portfolio's monthly returns over the previous 3 years. *Beta* is the portfolio beta constructed as the weighted average of all securities betas. *Idiosyncr. risk* is defined per Equation 1 as total risk adjusted for market risk. *# stocks* is the number of distinct stocks in the portfolio, *# funds* is the number of distinct funds in the portfolio, and *Fund share* is the portfolio share invested in funds. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Total risk	Beta	Idiosyncr. risk	# stocks	# funds	Fund share
Child	-0.501***	-0.037***	-0.497***	-0.000	0.030	6.781***
	(-26.73)	(-15.24)	(-27.14)	(-0.01)	(0.53)	(32.81)
Constant	8.775***	1.035***	7.487***	1.423***	2.534***	9.335***
	(681.83)	(608.41)	(595.58)	(195.68)	(63.30)	(65.34)
Family-year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	80,534	80,603	79,855	77,769	9,355	89,043
R-squared	0.91	0.95	0.90	0.80	0.72	0.79

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-6: Performance in families with similar account sizes
This table reports within-family differences in trading strategies and returns between parents and their underage children when parent's and child's accounts are close in size (i.e., less than 10% difference). *Turnover* is the annual portfolio turnover. *DE* is the disposition effect defined as the difference between the proportion of gain and the proportion of losses realized. *Expected return* is the portfolio's monthly expected return. *Sharpe ratio* is the portfolio's monthly Sharpe ratio. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	Turnover	DE	Expected return	Sharpe ratio
Child	-0.010***	-0.004***	0.006	0.011***
	(-7.00)	(-2.92)	(1.23)	(16.30)
Constant	0.125***	0.008***	0.459***	0.087***
	(126.26)	(9.19)	(138.49)	(180.54)
Family-year FE	Yes	Yes	Yes	Yes
N	80,767	63,036	80,534	80,534
R-squared	0.83	0.74	0.93	0.93

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A-7: Preference for sustainability in families with similar account sizes
This table reports within-family differences in preferences for sustainability between parents and their underage children when parent's and child's accounts are close in size (i.e., less than 10% difference). *% ESG funds* is the share of the (fund) portfolio invested in ESG funds. *% brown stocks* is the share of the (stock) portfolio invested in brown stocks. *% green stocks* is the share of the (stock) portfolio invested in green stocks. *Child* is a dummy variable equal to 1 if the individual is a child and 0 if it is a parent. *Constant* captures the baseline (parent) level of the dependent variable. Standard errors are clustered at the person level.

	% ESG funds	% brown stocks	% green stocks
Child	-0.967***	0.509***	0.041
	(-3.26)	(6.34)	(0.55)
Constant	4.170***	1.528***	1.742***
	(19.48)	(26.92)	(34.84)
Family-year FE	Yes	Yes	Yes
N	9,253	77,769	77,769
R-squared	0.74	0.78	0.73

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$