# Intergenerational Wealth Persistence in the United States

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## ABSTRACT

The Survey of Consumer Finances (SCF) collects household-level data on inheritances and large *inter vivos* transfers ever received along with expected future inheritances, which together capture lifetime wealth transfers. The age profile of lifetime wealth transfer receipt in the U.S. is shifting over time and transfers received are becoming more concentrated. The average rank-rank correlation between respondent wealth and lifetime wealth transfers is very large (0.7) for those reporting transfers regardless of whether the wealth transfers were already received or still expected. Wealth accumulation determinants such as education, risk tolerance, and business startup activity are strongly correlated with own wealth percentiles, but lifetime wealth transfers remain significant in rank-rank regressions that include those variables. The correlation between lifetime wealth transfers and respondent wealth is lower for Black families except at the very top of the wealth distribution.


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## I. Introduction

Data sets with linked parent and adult child wealth indicate strong intergenerational wealth persistence, but our understanding of the wealth transmission mechanisms and policy implications are limited. Much of what we know about the size and determinants of intergenerational wealth persistence uses longitudinal linked parent-child data sets from Scandinavian countries with population registries. However, those countries for which we have administrative linked longitudinal differ from the U.S. in important ways. Differences in tax policy, education financing, social insurance, and the business startup and financing environment may all be important for wealth accumulation dynamics.

This paper uses the triennial Survey of Consumer Finances (SCF) for 1998 through 2022 to improve our understanding of intergenerational wealth persistence in the U.S. The SCF is unique among household surveys in terms of capturing the very top of the wealth distribution, and the survey asks about inheritances and large *inter vivos* wealth transfers ever received. In addition, the SCF asks respondents about any future inheritances they expect to receive. Together, reported transfers already received plus expected future transfers provide a comprehensive measure of lifetime wealth transfers.

Lifetime wealth transfers indicate whether the SCF respondent was born into a wealthy family, regardless of whether any direct wealth transfers have already occurred. Thus, it is possible to measure correlations between respondents' own wealth and their lifetime transfers, using rank-rank or other measures of intergenerational correlation. The SCF also has the key lifecycle and cross-section outcomes such as education, risk tolerance, business ownership, and income that are known drivers of wealth accumulation, so it is possible to study the correlations between lifetime wealth transfers and these dynamic wealth accumulation determinants.

The lifetime wealth transfer measure developed here provides several new insights about wealth transfer receipt over the lifecycle. Although only 1 to 2 percent of households receive a wealth transfer in any year, about a third of U.S. households will receive a substantial transfer at some point in their life, and that share is increasing over time. The age profile of lifetime wealth transfer receipt is skewed towards older ages, and the age-profile is shifting over time in step with rising life expectancy. As parents live longer, the age-profile of transfer receipt is shifting as well, which is one reason that annual incidence of wealth transfer receipts is not (yet) increasing substantially over time (Sabelhaus, 2024).

The SCF age-profiles of expected future inheritances are internally consistent with the age-profile of realized wealth transfers over the lifecycle. The fraction of respondents expecting future transfers declines with age, and the decline in expected future transfers is quantitatively consistent with the fraction of households realizing transfers as they get older. Said differently, expectations about future wealth transfers are stable but gradually realized as respondents age. And like transfer receipt itself, the age-profile of expected future transfers is shifting over time in step with rising life expectancy.

Much of the analysis in this paper focusses on a specific lifecycle age group, referred to throughout as "mid-life" households. The mid-life sample includes households where the older of the SCF respondent or their spouse is between 45 and 64 years old. The key feature of this age group is that they have already received about half of their lifetime wealth transfers, meaning the other half of their lifetime wealth transfers is still expected. The mid-life group is also old enough to have fully realized the key wealth accumulation determinants (education, risk tolerance, and business startup) that we focus on below.[1]

[1] Even in parent-child linked data sets, the choice of where in the lifecycle to measure intergenerational mobility can affect the results (Haider and Solon, 2006; Boserup, et al, 2017)

Focusing on the mid-life sample makes it possible to draw inferences about the concentration and relevance of lifetime transfers for consistent sub-groups over time. Not surprisingly, the incidence of lifetime transfer receipt is much higher for the top 10 percent of the mid-life sample sorted by income or wealth. The top 10 percent income and wealth groups are also receiving a larger share of lifetime transfers over time, and those changes in lifetime transfer shares are consistent with shifting wealth concentration. One measure of the direct relevance of lifetime transfers is the ratio of lifetime transfers already received to current wealth. Although the specific ratio depends on whether and how we count accrued interest on transfers received at younger ages, there is no evidence that the relevance of wealth transfers already received is changing over time.

The mid-life sample is also the group used here for studying rank-rank correlations between respondent's own wealth percentiles and their lifetime wealth transfers percentile. Two-thirds of households receive zero transfers, so the x-axis of the usual rank-rank chart is effectively truncated with all the zero-transfer households lumped together. The interpretation of the slope coefficient is the same as in other rank-rank exercises, however. The slope captures the change in average own wealth percentiles for every one percentage point change in the lifetime wealth transfers percentile rank.

The simple rank-rank analysis shows that own wealth (and income) outcomes are strongly correlated with lifetime wealth transfers. The average rank-rank coefficients (around 0.7) are larger than in previous wealth and income studies. Some of that is attributable to focusing on just the wealthier sub-group that receives wealth transfers, because average rank-rank correlations are non-linear. The rank-rank correlations are also generally invariant to whether the lifetime transfers are already received versus still expected, suggesting that both

direct and indirect channels for intergenerational wealth transmission are important. Finally, there is no evidence that the simple rank-rank coefficients are changing over time.

Expanding the rank-rank regressions to include mediating determinants of wealth accumulation sheds new light on intergenerational wealth correlations. Respondent outcomes like education, starting a business, and willingness to take risk are all strongly correlated with lifetime wealth transfers. These mediating variables also account for much of the correlation between own wealth and lifetime wealth transfers, as the rank-rank coefficient on lifetime wealth transfer percentile is attenuated but remains significant when the other wealth determinants are added. The main takeaway from the mediation analysis is that the usual suspects (education, starting a business, risk-taking) account for much—but certainly not all—of the large average rank-rank correlations.

The final set of results is focused on differences between white and Black households. The key question is whether the rank-rank analysis suggests a racial wealth *transmission* gap. We find that across most of the lifetime wealth transfer distribution the average own wealth percentile of Black households is lower than for white households, in both the simple rank-rank regressions and the full specifications with controls for education, starting a business, and risk-taking. The differences by race disappear at the very highest lifetime wealth transfer percentiles.

The paper proceeds as follows. The next section reviews the literature on intergenerational wealth transmission that motivates this paper. Section III describes the SCF data and methods used to construct the lifetime wealth transfer measures. Section IV focuses on age-profiles of lifetime wealth transfer receipts. Section V presents the basic rank-rank analysis, and Section VI expands that to identify direct and indirect wealth transmission channels. Section VII investigates differences between Black and white families. Section VIII concludes.

## II. Literature Review

Using lifetime wealth transfers to study intergenerational wealth transmission and wealth dynamics is a new strategy, and as such raises many questions about how the approach here fits in with the existing literature. How should we measure intergenerational wealth correlations? What types of wealth transmission mechanisms should we consider? What is the direct impact of wealth transfers on wealth inequality? How much of wealth concentration is attributable to direct wealth transfers versus lifecycle savings? Finally, is the intergenerational contribution to wealth accumulation determinants changing over time?

The first challenge faced when answering the questions posed here is how to parameterize intergenerational income and wealth mobility. The long literature on intergenerational income and wealth elasticities (IGEs) has shown that point estimates are generally sensitive to exactly how and where in the distributions the IGE is measured (Black and Devereux, 2011; Solon, 1992, 2018). In this paper the measure of choice is the rank-rank correlation, which focuses on the correlation between percentile rankings instead of levels or log-levels and is thus less sensitive to skewness (Chetty et al, 2014). A recent study shows that the IGE and rank-rank approaches provide consistent answers about key questions associated with intergenerational income and wealth transmission (Deutscher and Mazumder, 2023).

Typical rank-rank correlations focus on parent versus child income or wealth percentile rankings at the same point in the lifecycle.[2] In this study the rank-rank approach is applied to lifetime transfer percentiles (the "parent" side of the intergenerational wealth correlation) and respondent ("child" side) income, wealth, and wealth less transfers already received. Rank-rank

[2] The rank-rank approach has also proved useful in intragenerational analysis, meaning comparing income or wealth rankings at different points in the same individual's lifetime (Boserup, et al, 2018; Gelrud-Shiro, et al, 2022; Acs and Zimmerman, 2008; Fisher and Johnson, 2020).

coefficients based on linked Scandinavian data show parent-child rank correlations of 0.3-0.4 (Adermon, et al, 2018, 2021; Black et al, 2020). The unadjusted rank-rank estimates using SCF lifetime transfers are generally much higher (0.7) but that is in part because the focus is on the (wealthier) third of households that report lifetime wealth transfers. Linked parent-child Scandinavian data shows much higher rank-rank correlations at the top of the wealth distribution (Black et al, 2020; Boserup et al, 2017).

Much of the intergenerational transmission literature has focused on factors driving the strong correlations between parent and child wealth. Two recent studies rule out the idea that intergenerational transmission is attributable solely to genetics (Black, et al, 2020; Fagereng, et al, 2021). The authors show there are strong correlations between parent and child wealth for samples of adoptees, though the correlations are admittedly weaker than those found in samples of own children.

A seminal paper in the study of intergenerational wealth transmission mechanisms provides a more general "mediation" framework that has been used extensively in previous research (Charles and Hurst, 2003). The authors begin with the large observed IGE of wealth in the panel Survey of Income Dynamics (PSID) and ask how much of that is associated with factors such as education, lifetime income, asset ownership, and past transfers. The authors find that these wealth transmission determinants can account for about two-thirds of the observed IGE. A similar study for the U.K. finds that about half of the observed rank-rank correlation can be explained by these sorts of factors (Davenport, et al, 2021). Another recent study looks at what fraction of wealth inequality can be explained by family background and transfers, and estimates that is about half for the U.S., but closer to one-third for Great Britain (Palomino, et al, 2021). Although the specific questions addressed here are different, it is worth noting that the

estimated rank-rank coefficients shown here decline by similar amounts when these sorts of wealth transmission factors are included in the regressions.

The decline in average rank-rank correlations when additional outcome variables are added to the equations is suggestive about which mechanisms are operative, and many studies have explored this further by more directly considering the motives for and timing of wealth transfers (Kopczuk and Lupton, 2007; Edwards, 2020; Fagereng et al, 2024). One wealth transmission pathway of interest is wealth transfers associated with home ownership, especially related to overcoming upfront costs (Chetty et al, 2020; Lee, et al, 2020; Boileau and Sturrock, 2023; Binder, et al, 2024; Wold et al, 2024). Health and education outcomes are also known to be correlated across generations within population subgroups (Carman, 2013; Levell and Sturrock, 2023). The focus on business startup in this paper is motivated by findings from previous work on the role of wealth in entrepreneurship decisions (Hurst and Lusardi, 2004) and the role of parental entrepreneurship (Lindquist et al, 2016).[3]

The analysis here also touches tangentially on two other questions about intergenerational wealth correlations. First, what is the direct impact of wealth transfers on wealth inequality? Previous research has emphasized that (1) wealth transfers are highly concentrated but (2) wealth transfers are larger relative to pre-transfer wealth for lower wealth households, which means that wealth transfers are (at least directly) inequality reducing (Elinder et al, 2018; Bourquin, et al, 2020; Crawford and Hood, 2016). Although these static estimates are useful in their own way, the approach here suggests that story is incomplete.

[3] A related literature on wealth transmission focuses on differences in lifecycle wealth trajectories, as reflected in *intra*generational rank-rank correlations (Audoly et al, 2024; Gelrud Shiro et al, 2022). The findings complement the results here because outcomes such as education and entrepreneurship are key drivers of upward wealth mobility.

Another question that dominated the earlier literature on intergenerational wealth transfers is the extent to which wealth (and wealth concentration) is attributable to direct wealth transfers versus lifecycle savings. The answer to this question depends on (1) assumptions about post-transfer returns on wealth and (2) whether we count only inheritances or add *inter vivos* transfers as well (Kotlikoff and Summers, 1981; Modigliani, 1988; Gale and Scholz, 1994). More recent estimates suggest that the wealth transfer share of accumulated wealth also varies by country and over time (Alvaredo, et al, 2017). Also, the magnitude of wealth transfers compared to other resources such as own earnings is relatively small (Black, et al, 2022; Horioka, 2024).

Finally, what does the literature say about whether and how the intergenerational contribution to dynamic wealth accumulation might be changing over time? There is evidence that intergenerational income correlations are increasing over time (Justman and Stiassnie, 2021) but the evidence on wealth is less clear. It is well known that wealth concentration levels are rising over the 1998 to 2022 SCF sample period used here, but that does not directly impact percentile rankings. It is also not obvious that increasing wealth levels means that transfers are becoming *relatively* more important, because some of the increased wealth is attributable to lifetime savings (and increasingly capital gains, which are not technically part of saving).

The SCF data show important changes in the lifecycle timing of wealth transfer receipt as well as increasing wealth transfer concentration in line with increasing wealth concentration, but there is no evidence here that wealth transfer mechanisms and the relative importance of transferred wealth have fundamentally changed. Of course, some of these effects may only be evident in the data as the generations who have experienced the very rapid wealth growth of the past few decades bequeath that wealth (Bourquin, et al, 2021).

## III. Data and Methods

The SCF is widely used to study U.S. wealth and income inequality and other topics in household finance and lifecycle behavior. The advantages over other household data sets with information about wealth transfers include a sampling strategy that assures representation of the top of the wealth distribution, and a rich set of income, wealth, and demographic variables, including the wealth transfer measures used here (Aladangady, et al, 2023). One threshold question for this study is whether the SCF lifetime wealth transfer measure developed here is effectively capturing lifetime wealth transfers received. This section reviews how the SCF lifetime wealth transfer measures are developed and validated.

### *Inheritance Module*

The SCF inheritance module (technically, the "Inheritance and Charitable Contributions" module) occurs at the end of the interview. The module collects details on up to three inheritances or substantial *inter vivos* transfers received over the respondent's lifetime, with any additional inheritances captured using "total of any remaining" (or mop up) category. Details include the amount, year received, and source of (meaning from whom) wealth transfers.[4] Respondents are explicitly instructed to NOT report transfers received from a deceased spouse.

The interviewer instructions are very clear that the respondent should include "inheritances" they received as well as "substantial assets in a trust or any other form" they were given including "those you may have already told me about." The question wording foreshadows

[4] In the public-use SCF, year of inheritance receipt is rounded to the nearest year ending in "0" or "5" to avoid reidentification. This adds some statistical variability to the timing of transfers received, because (for example) a reported receipt year of 2020 in the 2022 SCF means the transfer receipt occurred in 2018, 2019, 2020, or 2021. The estimated transfers in any given rounded year are allocated probabilistically across the (up to 5) years spanned by that rounded year.

some of the empirical findings discussed below, because "inheritances" are very clearly defined, but "substantial" and "assets" both leave room for respondent interpretation.

*Real Asset and Income Module Transfers*

The SCF inheritance module includes an interviewer instruction to tell respondents they should include wealth transfers "you may have already told me about." This is very different from most SCF modules, where the goal is to avoid double counting of balance sheet or income items. There are several other SCF survey modules where transfers are captured, so in this case the intentional double counting provides an important check on the totals.

First, respondents who report owning a residence, a business, or other real estate are asked how they obtained the asset, with "inherited" and "given" among the options. Combined with questions about the year the asset was obtained and the original value, the real asset modules provide a second set of answers about the receipt of wealth transfers. Second, in the income module, respondents can report cash inheritances, large gifts, and "other support" in the "other income" category. As with other types of income in the SCF income module, the values are for the calendar year prior to the survey.

In principle, inheritances captured in the asset or income modules should also be captured (again) in the inheritance module, because the inheritance module interviewer instruction explicitly says to double count. More importantly, follow-up post-processing by SCF staff involves checking to make sure that any inheritance or *inter vivos* gift found in the asset or income modules is also counted in the inheritance module. In general, the SCF consistency checks reconcile most of the inconsistencies, but including non-overlapping asset and income module transfers increases the total recorded in the inheritance module by about 20 percent.

*Does the SCF Capture Lifetime Wealth Transfers?*

The threshold question for this study (and any study of household wealth transfers) is whether the various SCF modules described above effectively capture lifetime wealth transfers. The U.S. has no administrative data on household wealth transfers, so it is not possible to directly validate the SCF measures. However, it is possible to internally validate annual wealth transfer flows by comparing reported transfers made and received (Sabelhaus, 2024).

Internal validation of SCF household wealth transfers involves first dividing annual transfers made and received into two types: transfers at death and *inter vivos* transfers.[5] The proposition to be tested is that the distribution of wealth transfers made at death (adjusted for estate taxes, other death related costs, and divided by the number of heirs) should match the distribution of reported inheritances.[6] Similarly, the distribution of reported *inter vivos* transfers made should match the distribution of reported *inter vivos* transfers received.

The results of the internal validation are mostly reassuring for the analysis of lifetime wealth transfers in this study. The distributions of wealth transfers made and received at death are internally consistent, showing that the SCF captures the inheritance component of lifetime wealth transfers quite well. The results also hold for large *inter vivos* transfers received. However, small to modest reported *inter vivos* transfers made are more frequent than the same-sized *inter vivos* transfers received. This is consistent with the ambiguity in the question wording noted above (Sabelhaus, 2024).

[5] The focus of this study is on lifetime transfers, but internal validation can only be applied to the annual (survey-year) transfer measures for which we have transfers made and received. Recall bias for wealth transfers received in the distant past could be an additional problem, but the bias seems small (Feiveson and Sabelhaus, 2019).
[6] The SCF does not sample estates, so there is no survey-based estimated of transfers made at death. Sabelhaus (2024) describes the simulation-based method used to generate a distribution of transfers made at death. It is worth noting that simulated distribution has its own benchmark—matching published estate tax filings.

How might the missing small to modest *inter vivos* transfers received affect the results here? The SCF *inter vivos* transfers made module indicates that the missing small to modest transfers are mostly associated with parental support to children at young adult ages, and thus mostly regular support and one-time gifts for (say) down payments on a first home. In any case, any bias in the distribution of lifetime wealth transfers is mitigated if the same respondents are those who eventually receive (or expect) additional transfers at older ages. Indeed, this is yet another reason to focus on wealth percentile ranks instead of wealth levels.

## IV. Timing and Concentration of Lifetime Wealth Transfers

The starting point for the analysis here is two sets of broad descriptive questions focused on levels, trends, and relevance of lifetime wealth transfers. First, what is the age profile of lifetime transfers received (and expected), and how are those age profiles changing over time? Second, how important are trends in lifetime wealth transfers relative to trends in other variables, including wealth and income levels, but also wealth and income inequality?

Answering these questions involves two sampling strategies. The first strategy uses the entire SCF sample and is based on retrospective lifetime wealth transfers at every age. Expected future transfers are captured for the survey year. Thus, for a 40-year-old respondent we observe reported transfers at every age up to 40 and expected future transfers as of age 40. Lifetime transfers are the sum of transfers ever received plus expected future transfers, which for this respondent means we have a point estimate of lifetime wealth transfers at age 40.

The second sampling strategy focusses on a specific lifecycle age group, referred to here as “mid-life” households. The mid-life sample includes households where the older of the SCF respondent or their spouse is between 45 and 64 years old. Households in the 45-64 age group

have already received roughly half their lifetime transfers as of the survey year. Focusing on just the mid-life group makes it possible to explore the cumulative effects of lifetime wealth transfers on outcomes that are not fully realized for younger respondents, but also avoids the substantial attrition that occurs because of death at older ages.

*Lifecycle Timing of Wealth Transfer Receipts*

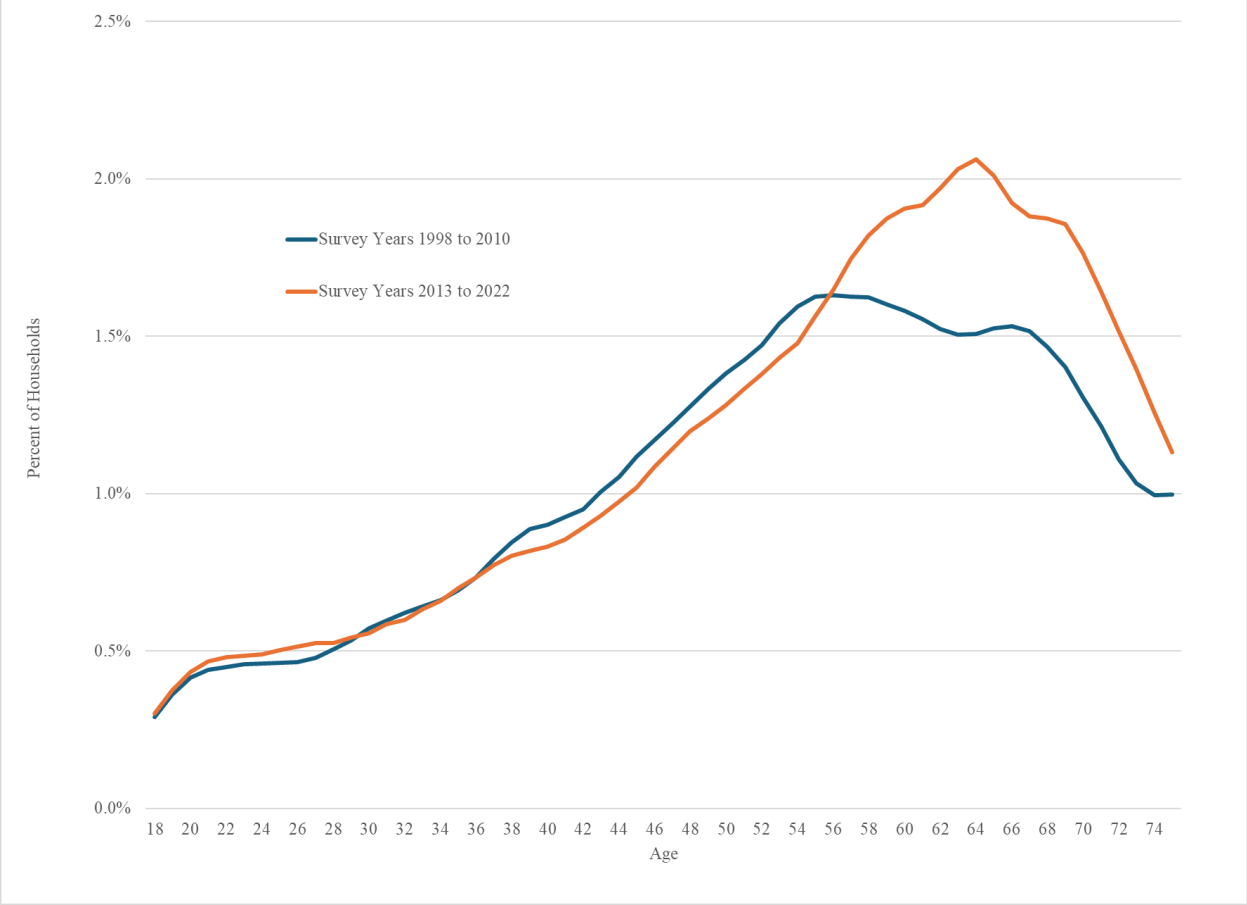
Any given SCF cross-section makes it possible to study the lifecycle incidence of transfers received by age, cumulative receipts through that age, and expected future wealth transfers at that age. Lifecycle patterns based on cross-section data include both age and cohort effects, because the data set for computing wealth transfer receipts at a given age during or prior to the survey year includes only the sub-population that reached the age in question. Although any given SCF conflates age and cohort effects, we can separate the two using multiple SCF surveys. In what follows, the SCF samples are split into years before and after 2010, which allows us to broadly discern cohort effects without giving up too much in terms of sample size.

The first question posed to the data is about lifecycle patterns of wealth transfers received at every age (Figure 1). In all SCF years—before and after 2010—roughly 0.5 percent of respondents who survived at least into their early 30s reported receiving wealth transfers in those younger years. That share increases steadily to about 1.5 percent of households in their mid-50s (again, conditional on having survived to their mid-50s so they could be in the sample and answer the survey questions retrospectively).[7]

Lifecycle patterns of wealth transfer receipt exhibit a notable shift between the SCFs conducted before and after 2010. In the later survey years, slightly fewer respondents report

[7] The incidence of wealth transfer receipt by age is of course biased down at younger ages because, as reported above, the SCF is missing small to modest *inter vivos* transfers. The dollar value of receipts is much less biased.

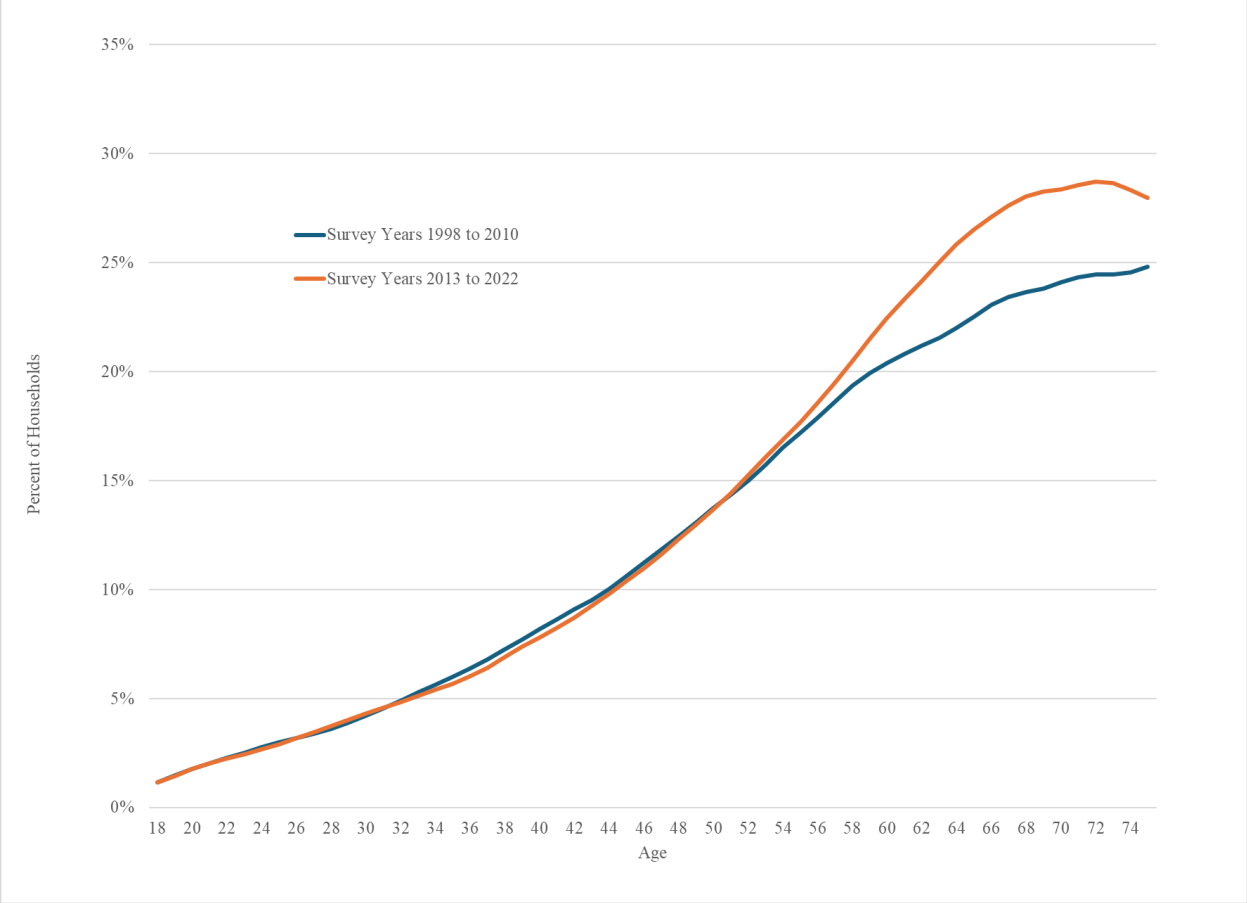
**Figure 1. Age Profile of Wealth Transfer Receipt**




wealth transfer receipts in their 40s and 50s, but substantially more report receipts at ages 60 and beyond. This shift is consistent with changing life expectancy and rising incidence of lifetime transfers. If lifecycle fertility is constant, then an increase in life expectancy of one year will shift the expected receipt of transfers at death by one year. The lifecycle patterns in Figure 1 are consistent with changes in life expectancy and help explain why the incidence of survey year wealth transfer receipt has not increased as much as one might expect (Wolff and Gittleman, 2012; Sabelhaus, 2024).

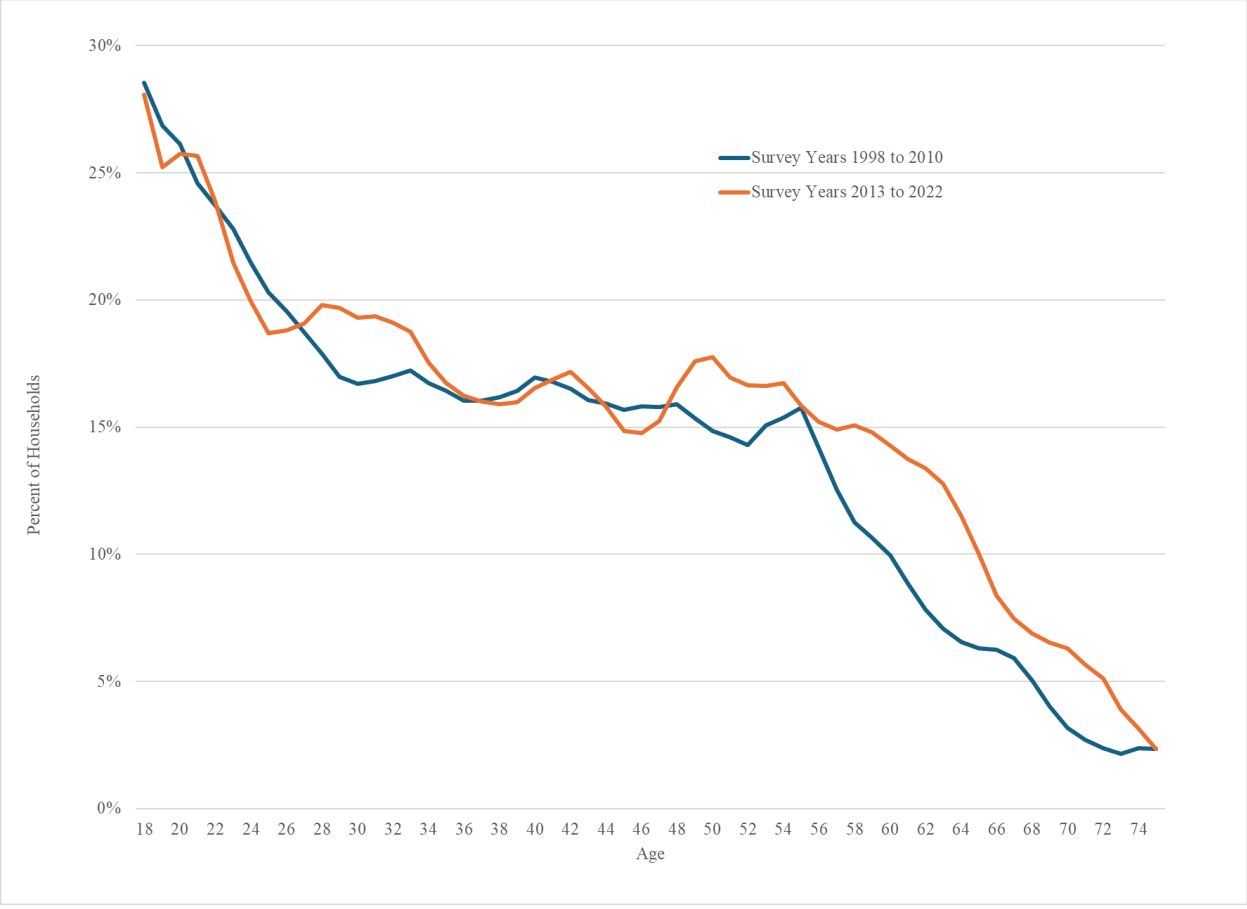
The same retrospective measures can be used to construct an estimate of the fraction of respondent households that have ever received a wealth transfer as of the survey year (Figure 2). The key takeaway is an increase in the probability of lifetime wealth transfer receipt across cohorts, with nearly 30 percent of respondents at age 70 in surveys after 2010 reporting having already received a transfer, some 5 percentage points higher than the corresponding measure in early surveys. It is also worth noting that these estimates are both substantially higher than the 19 percent "ever received" estimate for the U.S. in an earlier study (Nolan, et al, 2019).

**Figure 2. Age Profile of Cumulative Wealth Transfer Receipt**



The second component of lifetime wealth transfers is expected future inheritances (Figure 3). The SCF cross-sections confirm the first and simple expectation, that the incidence of expected future inheritances declines with age, as more and more respondents realize their expectations. The expected inheritance patterns also provide another validity check, because about 15 percent of respondents in their 50s report having already received a wealth transfer (Figure 2) while about 15 percent report expecting a future transfer. As the sample moves to older respondents, the fraction in the already received group rises to about 30 percent by age 70, while the still-expecting group declines to near zero. The increase in expected inheritances at older ages after 2010 is consistent with Figure 2 and increasing life expectancy.

**Figure 3. Age Profile of Expected Wealth Transfer Receipt**



*Incidence and Concentration of Lifetime Transfers for Mid-Life Households*

In addition to to studying lifecycle patterns of wealth transfer receipt across cohorts, it is possible to focus on the incidence, relevance, and distribution of lifetime wealth transfers at any given age. For this exercise, it is useful to choose an age group for whom lifetime transfers are well captured, but also still well represented. Based on the lifecycle profiles above, the age group 45 to 64—referred to here as the "mid-life" sample—balances those goals. (The "mid-life" label is chosen to capture where respondents are in terms of lifecycle transfers already received and expected, not life expectancy.) Younger respondents have yet to receive transfers or realize the lifecycle outcomes of interest, while cumulative differential mortality biases the sample of older respondents.

Beginning with incidence, results for the mid-life sample confirm the observations from the lifecycle profiles above (Table 1). In the surveys before 2010, 32 percent of the mid-life group have received or still expect a wealth transfer. That rises only slightly to 33 percent in later surveys, which confirms that much of the shift in lifecycle incidence (Figure 1) is about timing of receipt. In terms of dollars, 53 percent has already been received by mid-life in the first part of the sample, falling slightly to 50 percent after 2010. Again, this is consistent with the shift in timing.

The relevance of lifetime transfers can be measured in different ways.[8] Table 1 shows the ratio of lifetime transfers to wealth and income. Total lifetime wealth transfers are 17 to 18 percent of wealth and 120 percent of income. The data do not indicate an increasing relative importance of lifetime wealth transfers over time, at least for the mid-life groups we can observe

[8] Note that all measures of lifetime transfers, incomes, and wealth are in real (2021) dollars.

**Table 1. Incidence and Relevance of Lifetime Transfers, Mid-Life Households**

| Group | Percent with Transfers Received or Expected | Share of Transfers Already Received | Lifetime Transfers Relative to Income | Lifetime Transfers Relative to Wealth |
|---|---|---|---|---|
| All Households | | | | |
| *Survey Years 1998 to 2010* | 32% | 53% | 120% | 18% |
| *Survey Years 2013 to 2022* | 33% | 50% | 120% | 17% |
| Top 10 Percent by Income | | | | |
| *Survey Years 1998 to 2010* | 46% | 53% | 132% | 14% |
| *Survey Years 2013 to 2022* | 48% | 52% | 109% | 11% |
| Top 10 percent by Wealth | | | | |
| *Survey Years 1998 to 2010* | 52% | 57% | 162% | 13% |
| *Survey Years 2013 to 2022* | 52% | 58% | 157% | 13% |

Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Top 10 percent is based on sorting within age groups and survey year.

through the 2022 survey. There are some key differences in the incidence and relative importance of lifetime wealth transfers for mid-life households in the top 10 percent of by income and wealth. Not unexpectedly, high income and high wealth households are much more likely to have received or expect a wealth transfer.

Differences in the incidence of wealth transfers and dollar amounts are associated with very high levels of lifetime wealth transfer receipt concentration, and the transfers share is moving in step with overall income and wealth inequality (Table 2). Setting the stage on wealth inequality, the top ten percent of households (by income) received 41 percent of income and held 57 percent of wealth in the first half of the sample period, and those jumped to 44 percent and 59 percent in the second half. The top ten percent (sorted by wealth) owned 66 percent of wealth in the first period, and that increased to 69 percent in the second period. Top wealth shares are largely unaffected by excluding recent (last five years) wealth transfers.

**Table 2. Concentration of Income, Wealth, and Lifetime Transfers, Mid-Life Households**

| Top 10 Percent of Households Sorted By | Share of Income | Share of Wealth | Share of Wealth Less Recent Transfers | Share of Lifetime Wealth Transfers | Share of Expected Future Wealth Transfers |
|---|---|---|---|---|---|
| Income | | | | | |
| *Survey Years 1998 to 2010* | 41% | 57% | 58% | 45% | 44% |
| *Survey Years 2013 to 2022* | 44% | 59% | 60% | 40% | 39% |
| Wealth | | | | | |
| *Survey Years 1998 to 2010* | 36% | 66% | 66% | 49% | 44% |
| *Survey Years 2013 to 2022* | 39% | 69% | 69% | 52% | 44% |

Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Top 10 percent is based on sorting within age groups and survey year.

Table 2 shows that the shares of lifetime wealth transfers received by top mid-life income and wealth households are lower than their shares of wealth holdings. For example, the top 10 percent wealth group owned 66 percent of the wealth and received 49 percent of lifetime wealth transfers in the first sub-period. But the key takeaway is that the share of lifetime wealth transfers received by the top ten percent of households has moved in lockstep with wealth holdings, with both shares rising 3 percentage points between the first and second sub-periods.

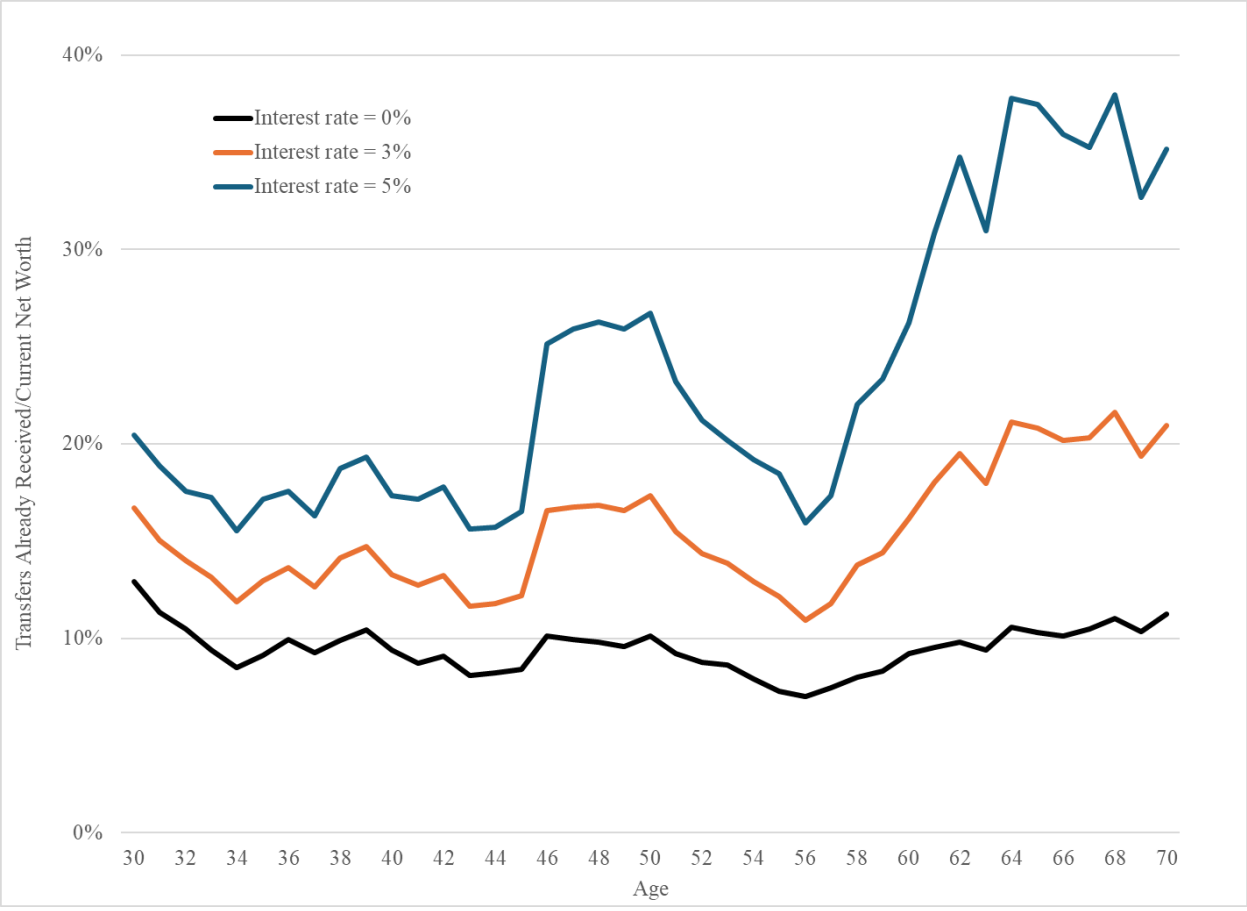
*Adjusting for Accumulated Interest*

The descriptive statistics on lifetime wealth transfers above do not adjust for accumulated interest on transfers already received. Whether and how to adjust for accumulated interest is the focus of some long-standing debates about wealth transfers and lifecycle wealth accumulation (Kotlikoff and Summers, 1981; Modigliani, 1988, Gale and Scholz, 1994). The issue in that older literature is to what extent current wealth is accounted for by lifecycle saving versus wealth

transfers. Although the focus in this study is different, it is useful to update and extend the analysis using the new lifetime wealth transfer measures developed here.

Total lifetime wealth transfers are 17 to 18 percent of total wealth for all mid-life households, and roughly half of the lifetime transfer total (about 9 percent) has already been received (Table 1). The average ratio of lifetime wealth transfers already received divided by current wealth is shown at each age 30 to 70 in Figure 4, calculated using three different interest rates. The ratio of transfers received to wealth hovers is around 9 percent for mid-life ages when the interest rate is set to zero, and thus reproduces the average in Table 1.

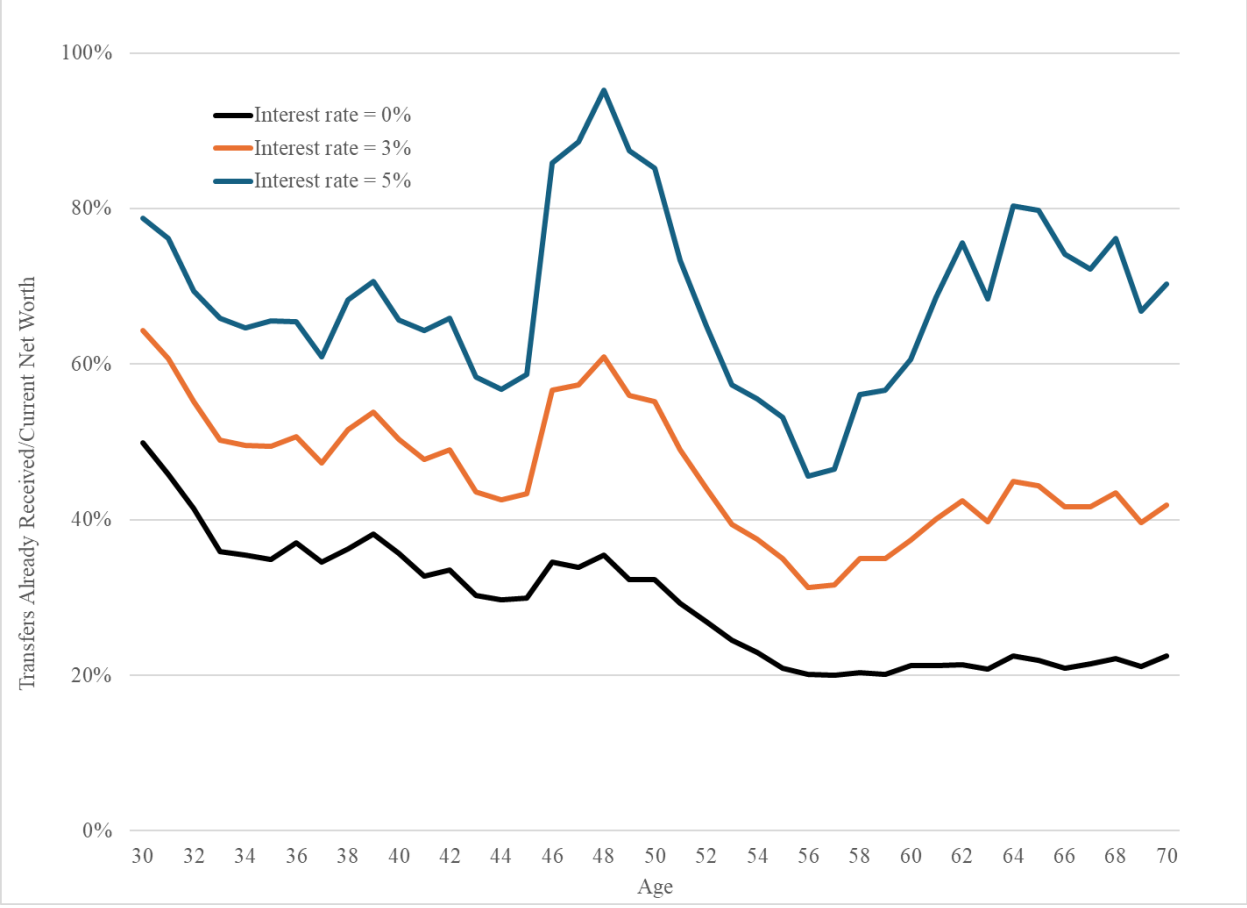
**Figure 4. Transfers Received Relative to Net Worth by Age, All Households**



In the context of the older wealth transfers versus lifecycle saving literature, not adjusting for accumulated interest would lead one to conclude that 90 percent of wealth is attributable to lifecycle saving for mid-life (and any other age group) households, leaving only 10 percent attributable to wealth transfers. Moreover, at a zero interest rate, the ratio of transfers to wealth does not change with age. As we increase the assumed interest rate, the ratio of inherited wealth (plus interest) to current wealth also shifts up, and there is a pronounced jump at older ages.

Limiting the transfer to wealth analysis to households receiving transfers changes the lifecycle profiles. Most notably, the age-profile of transfers received relative to wealth for transfer recipients only is downward sloping (Figure 5). Unadjusted wealth transfers amount to

**Figure 5. Transfers Received Relative to Net Worth by Age, Recipient Households**



40 percent of wealth for young respondents who report having received a transfer, and that falls to 20 percent for older recipients. Again, the age-profile of wealth transfers relative to wealth is all about timing, because older recipients have accumulated more lifecycle wealth.

Adjusting for accumulated interest has a substantial impact on the ratio of wealth transfers to wealth and changes the lifecycle profile. Again, consistent with the older literature, adding accumulated interest substantially changes inferences about the role of transfers, for the population at any given age (Figure 4) and for just recipients (Figure 5). The age-profile of wealth transfers relative to wealth is upward sloping for the population and approaches 40 percent for the oldest age groups under an assumed interest rate of 5 percent. For recipients, the life cycle profile is flattened, and hovers between 60 and 80 percent when the interest rate is set to 5 percent.

The accumulated interest adjustments are consistent with the older literature on the relevance of wealth transfers in wealth accumulation, and the age-profiles confirm that the effects of the interest rate assumption are not concentrated in one part of the lifecycle. That is, the question is not simply whether to adjust transfers received at very young ages for interest when thinking about wealth later in life. Even at very high assumed interest rates, wealth transfers account for only about 20 percent of wealth through mid-life, which is at most half the ratio in population averages in the previous literature.

In any event, the wealth transfer to wealth ratio is not particularly useful for answering the questions about intergenerational wealth transmission posed here. Wealth dynamics are much more complicated than any single assumption about "the" interest rate. Households differ in terms of the timing of wealth accumulation, and the timing depends on factors like education, risk taking, and business startups that are addressed in the next section. Capital gains are also an

important part of wealth change for many asset types, and that adds an important macro dimension to the outcomes.

One other takeaway from this discussion of the older literature on wealth transfers relative to wealth is the advantages associated with using percentile rank analysis instead of wealth and wealth transfer levels. Wealth transfer percentile ranks are only affected by the interest rate assumption in a second-order way, because ranks will change only to the extent that the *timing* of lifetime wealth transfers differ substantially by wealth transfer receipt percentile.

**V. Rank-Rank Correlations**

How do lifetime wealth transfers—a measure of parental wealth—affect dynamic wealth accumulation for the households receiving those transfers? As in any study of intergenerational income and wealth transmission studies it is difficult (if not impossible) to establish true causation, but we can start by measuring the average correlations, and then (in the next section) begin to parse the correlation into dynamic wealth accumulation channels using mediation analysis. Before that, however, we need to decide how to measure the correlation between lifetime transfers and respondent outcomes of interest.

The analysis that follows is oriented around average rank-rank correlations (Chetty, et al, 2014). Rather than parameterize the highly non-linear relationship between lifetime wealth transfers, the focus is on the correlation between the percentile rank for the respondent's lifetime wealth transfer—again, a measure of parental wealth rank—and the respondent's own wealth rank and other outcomes of interest. The rank-rank analysis here differs from the typical application because only about one-third of the population report receiving (and/or expecting) lifetime transfers. As such, there is a large "zero" group on the x-axis (the "child" axis) of the typical rank-rank chart.

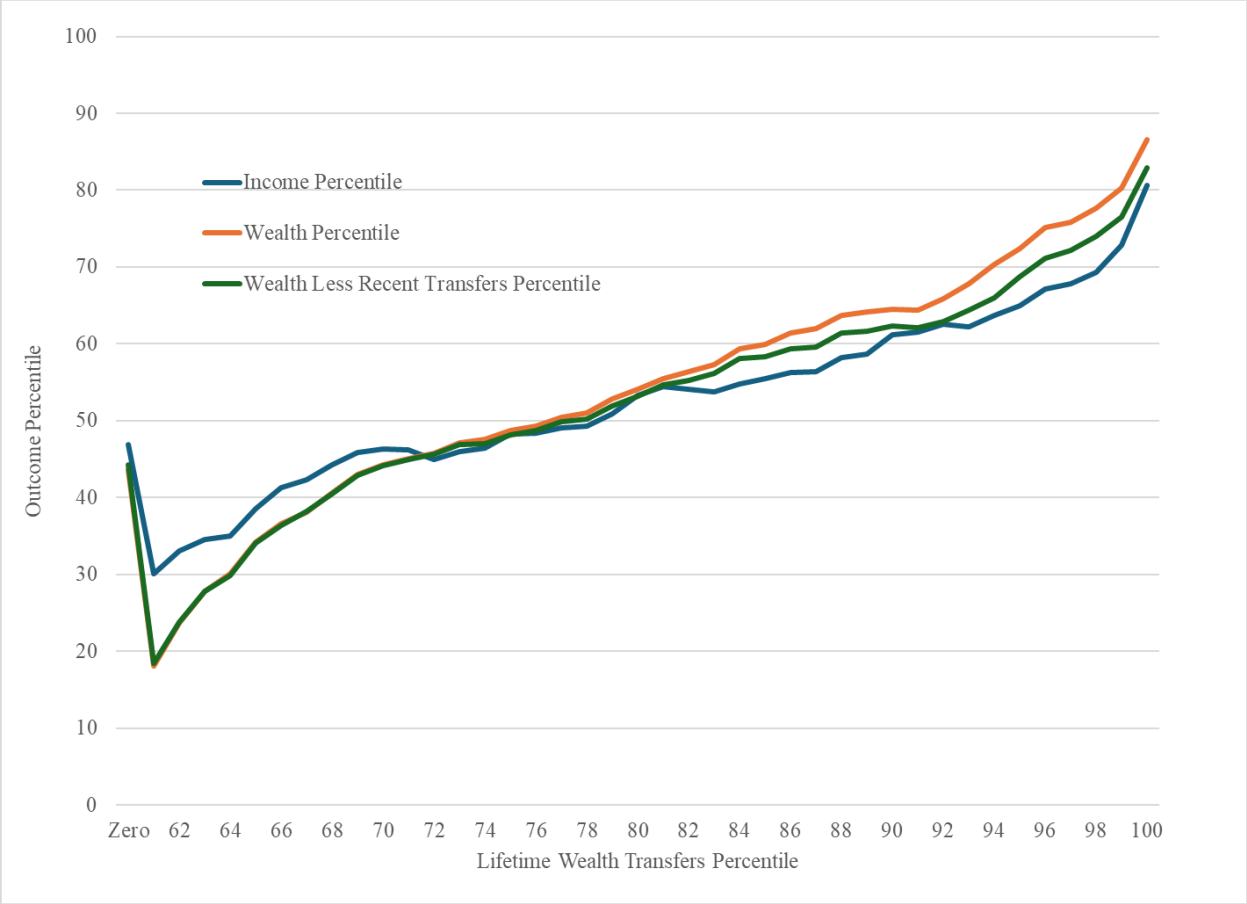
The second decision for what follows involves *when* in the lifecycle to measure rank-rank correlations. The analysis here (as above) focusses on mid-life households, those for whom the older of the respondent or spouse is between 45 and 64. The logic is the same as in the previous section. This group has received approximately half of their lifetime transfers, is old enough to have realized the effects of intergenerational wealth on their outcomes of interest, but also not too old that attrition due to death is affecting sample representativeness.

The starting point is to simply compute and plot rank-rank correlations for three outcomes of interest (Figure 3). The three outcomes are respondent current net worth (wealth), income, and wealth less recent transfers (those received within the past five years).[9] For each percentile of lifetime wealth transfers—including the large zero transfer group—the outcomes of interest are simply the averages of the percentile ranking for that outcome. As expected, the raw data suggest a strong positive correlation between lifetime transfers and the three outcomes of interest.

The average percentile ranking for all three outcomes in the zero-wealth transfer population is below the median. Conditional on not receiving a wealth transfer—which again, includes about two thirds of the mid-life households—the average ranking is about the 45$^{th}$ percentile for the income and wealth percentiles. The percentile rankings for outcomes at the bottom of the positive lifetime transfer distribution are also below the median and noisy. This makes sense because the first few percentiles of lifetime wealth transfers are very small, less than a few thousand dollars. The fact that the zero-transfer average percentile outcomes are visually above the point at which an extended rank-rank line would cross the y-axis just indicates that the wealthy individuals who did not receive (or report) transfers are pulling up the average.

[9] The income measure used here is the SCF "normal" income, which is a good proxy for permanent income.

**Figure 6. Rank-Rank Correlations for Lifetime Transfers: Wealth and Income**




Both wealth outcomes of interest are positively correlated with lifetime wealth transfers, and the relative slopes in Figure 6 capture the expected difference. Respondent wealth outcomes are the most positively correlated, such that a household in the top two percent of the lifetime wealth distribution is (on average) above the 80$^{th}$ percentile for own wealth. However, own wealth includes lifetime wealth transfers already received (so long as the transfer has not been spent) but the wealth less recent transfers measure is also upward sloping in lifetime wealth, suggesting that recent transfers are not driving the result.

Figure 6 also shows the rank-rank correlations between lifetime wealth transfers and own income. Households in the top two percent of the lifetime wealth distribution are, on average, above the 70$^{th}$ percentile for income. There is of course a direct channel between lifetime wealth

transfers and income, because income includes the financial return (including realized capital gains) on transferred assets. But, as shown below, much of the correlation between lifetime wealth transfers and income is indirect and captured through other channels.

Regressions of own wealth and income percentiles on lifetime wealth transfer percentile provide estimates of rank-rank coefficients (Table 3). Consistent with Figure 6, the regression specifications are slightly different than those applied using parent-child data sets because of the large zero-transfer group. Rather than fit one line to the entire outcome distribution, there is a dummy for no transfers received, and (by suppressing the constant) an estimated average rank-rank coefficient just for the sub-population that received any transfer.

The estimated rank-rank coefficient for own wealth in Table 3 is .711, which is much larger than the typical 0.3 to 0.4 values reported in other wealth rank-rank studies. This is in large part mechanical because of the equation specification. If the dummy for no transfers is replaced by percentile values of "30" for all households not receiving transfers (and the constant is not suppressed) the estimated rank-rank coefficient falls to 0.332. But that alternative specification fails to capture the rank-rank slope for households with positive transfers, predicting (for example) an average wealth percentile of about 60 for the top lifetime wealth transfer recipients. The actual percentile value (Figure 3) is above 80. The preferred specification here answers a different question, and that question is more relevant for studying the effect of lifetime transfers.

Table 3 shows that lifetime wealth transfers and own income are also highly correlated, with an average rank-rank coefficient of 0.670. The relationship between wealth transfers and income is a key part of the story about dynamic wealth accumulation in the next section. Again, the rank-rank coefficient falls substantially (0.2) if we set the zero-transfer percentile value to 30 and fit the line through the entire set of rank-rank correlation data points.

**Table 3. Rank-Rank Coefficients, Wealth and Income, Mid-Life Households**

| | All Mid-Life Households | | Received 50 Percent or More of Lifetime Transfers | | Received Less Than 50 Percent of Lifetime Transfers | | Set Zero Lifetime Transfer Group Percentile=30 | |
|---|---|---|---|---|---|---|---|---|
| | Wealth | Income | Wealth | Income | Wealth | Income | Wealth | Income |
| Lifetime Wealth Transfer Percentile | 0.711*** | 0.670*** | 0.718*** | 0.650*** | 0.700*** | 0.699*** | 0.332*** | 0.202*** |
| | (0.00467) | (0.00499) | (0.00593) | (0.00669) | (0.00719) | (0.00717) | (0.00875) | (0.00933) |
| No Transfers Received Dummy | 43.59*** | 46.95*** | | | 43.59*** | 46.95*** | | |
| | (0.324) | (0.317) | | | (0.324) | (0.317) | | |
| Constant Term | | | | | | | 32.83*** | 40.27*** |
| | | | | | | | (0.515) | (0.523) |
| Observations | 19,961 | 19,961 | 4,503 | 4,503 | 15,458 | 15,458 | 19,961 | 19,961 |
| R-Squared | 0.758 | 0.762 | 0.845 | 0.784 | 0.728 | 0.756 | 0.084 | 0.032 |

Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Income, wealth, and lifetime wealth transfer percentiles based on sorting within age groups and survey year.

The rank-rank findings on wealth and income motivate a second experiment with the simple rank-rank regressions (Table 3). The question posed is whether the average rank-rank coefficients are sensitive to whether wealth transfer have already been received. The mid-life sample is split into two groups: those who have already received 50 percent of more of their lifetime transfers, and those who have not (including those with zero transfers). Focusing on the own wealth rank-rank coefficients, there is little impact, with the two estimates (.700 and .718) closely bracketing the estimate for the entire mid-life group (.711). This means that conditional on being in a particular lifetime wealth transfer percentile group, one's own wealth percentile rank does not depend on whether the wealth transfers have already been received. The results are similar for income.

Finally, as above, it is useful to ask whether the estimated rank-rank coefficients are changing over time. The short answer is no. When the sample is split into before and after survey year 2010, as above, the estimated average rank-rank coefficients are essentially unchanged (not shown). This finding reinforces the idea above that intergenerational wealth transmission is moving in step with wealth inequality itself (transfers are becoming more concentrated, Table 2) but the transmission *mechanisms* do not seem to be changing.

**VI. Mediation Analysis**

The average rank-rank correlations between lifetime wealth transfers and respondent wealth shown in the previous section confirm well-established facts in the intergenerational wealth transmission literature. Parent and child wealth is highly correlated, even in the SCF data where all we see is a measure of parental wealth based on lifetime wealth transfers. The follow

up question is of course *why* wealth is highly correlated across generations. What are the *mechanisms* that connect parent and child wealth?

It is difficult to imagine a setting which makes it possible to disentangle whether and how various types of intergenerational transmission are operative. The alternative is mediation analysis, which involves identifying the correlation between lifetime wealth transfers and outcomes that are known to also be highly correlated with dynamic wealth accumulation (Charles and Hurst, 2003). The main outcome we care about is still respondent wealth, but the pathways to be investigated include wealth accumulation determinants such as education, entrepreneurship, and willingness to take risk. The approach ultimately involves adding the various mediating variables to the rank-rank correlation equations to gauge how much of the simple rank-rank correlation is absorbed.

The first step is establishing that the dynamic wealth accumulation determinants of interest are in fact correlated with lifetime wealth transfers in the mid-life sample (Table 4). The four independent variables are respondent willingness to take above average or substantial risk, getting a Masters' degree or higher, getting a PhD, MD, or JD, and starting a business. The baseline population shares are 21.4 percent for the risk measure, 19.1 percent for Masters' degree or higher, and 5.3 percent for PhD or other professional degree. The baseline share for starting any business is 14.5 percent, and that falls to 8.4 percent for a median ($100,00) or higher value and 4.0 percent for a 75$^{th}$ percentile ($600,000) or higher value business.

**Table 4. Correlations between Lifetime Wealth Transfers and Mediating Wealth Determinants, Mid-Life Households**

| | Willing to Take Above Average Risk | Masters Degree or Higher | Advanced (PhD, JD, MD) Degree | Started Business | Started Business Worth $100,000+ | Started Business Worth $600,000+ |
|---|---|---|---|---|---|---|
| Lifetime Wealth Transfer Percentile | 0.315*** | 0.315*** | 0.0957*** | 0.220*** | 0.139*** | 0.0710*** |
| | (0.00798) | (0.00779) | (0.00457) | (0.00663) | (0.00551) | (0.00337) |
| No Transfers Received Dummy | 19.18*** | 15.91*** | 4.201*** | 12.76*** | 7.175*** | 3.161*** |
| | (0.429) | (0.401) | (0.201) | (0.360) | (0.258) | (0.156) |
| Observations | 19,961 | 19,961 | 19,961 | 19,961 | 19,961 | 19,961 |
| R-Squared | 0.223 | 0.209 | 0.062 | 0.152 | 0.093 | 0.046 |
| Population percentages | 21.4% | 19.1% | 5.3% | 14.5% | 8.4% | 4.0% |

Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Lifetime wealth transfer percentiles based on sorting within age groups and survey year.

The estimated correlations between lifetime wealth transfers (measured by percentile rank) and the wealth accumulation determinants are all highly significant. For example, a respondent in the top 1 percent of lifetime wealth transfers is on average 50 percent more likely to be willing to take risk or to have received a Masters' degree or higher (31.5 percent versus the population averages of about 20 percent). The top 1 percent by lifetime wealth transfers is almost twice as likely to have received a PhD or other professional degree or to have started a business. Comparing the top 1 percent by lifetime wealth transfers to households receiving no wealth transfers shows even starker differences in the wealth accumulation determinants.

The second step is direct mediation analysis, which involves estimating how additional wealth accumulation determinants can help explain (or at least absorb) the simple average rank-rank correlations in the previous section (Table 3). Regressions are run for the same two dependent variables, own income and wealth percentiles (Table 5). For income, the focus is on whether and how adding the other wealth correlates affects the raw rank-rank relationship between income and lifetime transfers. The second wealth regression adds the mediating variables, and the third adds controls for income percentile as well.

The first takeaway from Table 5 is that lifetime wealth transfers remain highly correlated with the respondent outcomes of interest even after adding the additional controls. Second, in all cases the coefficient on lifetime wealth transfer rank drops as additional controls are added, meaning the additional variables have absorbed some of the simple rank-rank correlation. The third major takeaway is that the additional controls themselves are all highly significant. For example, willingness to take risks is associated with an 11.3 percentile rank increase in income, having a Masters' degree or higher a 23.65 percentile rank increase, an advanced degree 5.82 percentile points, and starting a business 11.03 percentile rank points in income.

**Table 5. Rank-Rank Lifetime Transfer Regressions with Mediating Variables**

| | Wealth Percentile | | | Income Percentile | |
|---|---|---|---|---|---|
| Lifetime Wealth Transfer Percentile | 0.711*** | 0.573*** | 0.281*** | 0.670*** | 0.530*** |
| | (0.00467) | (0.00516) | (0.00607) | (0.00499) | (0.00556) |
| No Transfers Received Dummy | 43.59*** | 35.96*** | 14.30*** | 46.95*** | 39.37*** |
| | (0.324) | (0.315) | (0.367) | (0.317) | (0.327) |
| Willing to Take Above Average Risk | | 10.41*** | 4.191*** | | 11.30*** |
| | | (0.552) | (0.473) | | (0.574) |
| Masters Degree or Higher | | 17.41*** | 4.406*** | | 23.65*** |
| | | (0.647) | (0.597) | | (0.594) |
| Advanced (PhD, JD, MD) Degree | | 4.801*** | 1.599* | | 5.820*** |
| | | (1.030) | (0.842) | | (0.937) |
| Started Any Business | | 20.91*** | 14.84*** | | 11.03*** |
| | | (0.581) | (0.512) | | (0.635) |
| Income Percentile | | | 0.550*** | | |
| | | | (0.00740) | | |
| Observations | 19,961 | 19,961 | 19,961 | 19,961 | 19,961 |
| R-Squared | 0.758 | 0.805 | 0.864 | 0.762 | 0.809 |

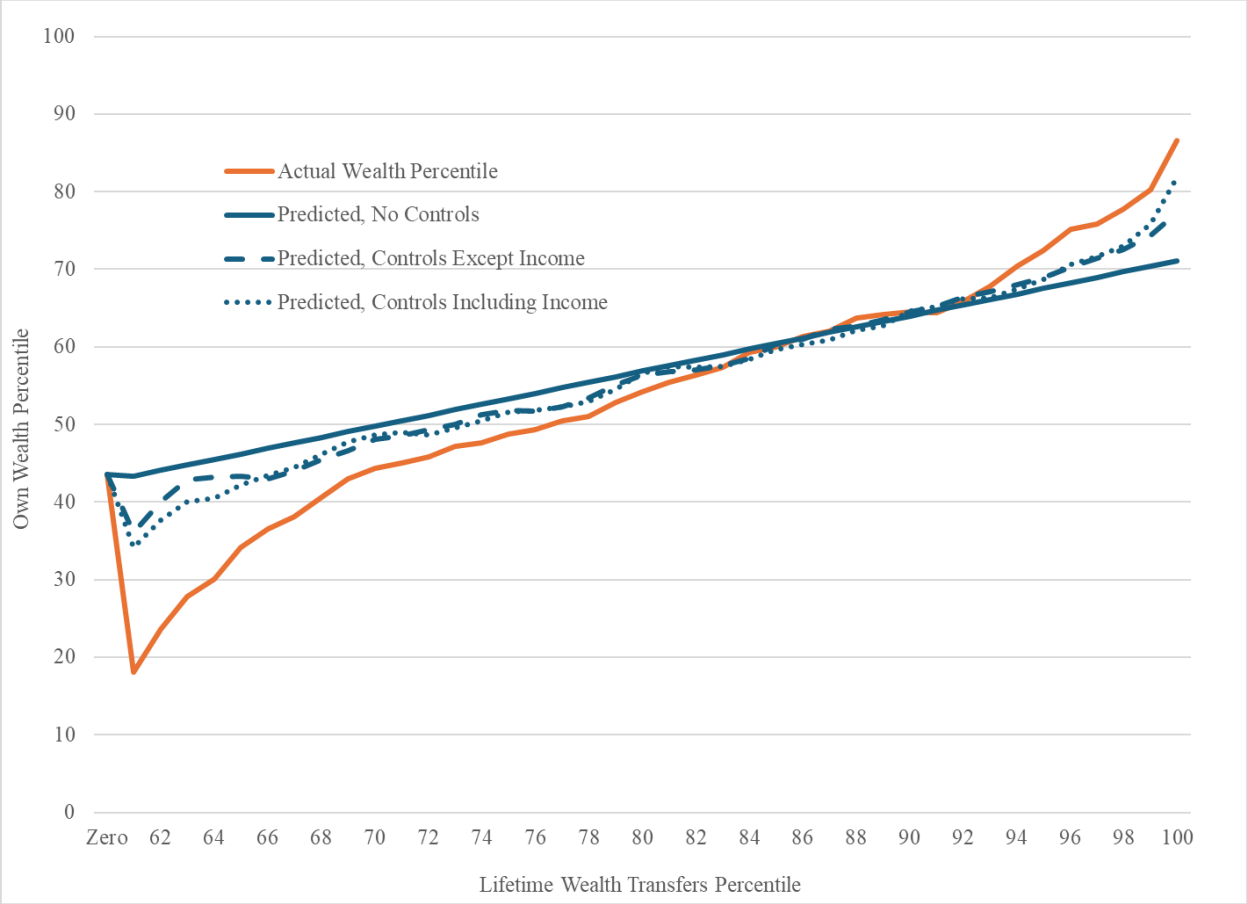
Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Income, wealth, wealth less transfer, and lifetime wealth transfer percentiles based on sorting within age groups and survey year.

The middle columns for the wealth rank-rank regressions in Table 5 tell the same story about additional controls as the income regressions. One notable difference is that starting a business has nearly twice the association for wealth percentile rank (20.91 percentile points) as it does for income rank (11.03). Otherwise, the correlations between income and the additional controls are close to the correlations between wealth and the additional controls, the proportional decline in the coefficient on lifetime wealth transfers is similar, and the increase in r-squared is similar. The additional wealth determinants are strongly associated with higher respondent income and wealth outcomes, and the offset to the lifetime wealth transfers effect is similar.

We can go one step further with the wealth outcomes, however, controlling for both the additional wealth accumulation determinants and income. Income rank is of course strongly correlated with lifetime wealth transfers rank (Table 3). The decline in the average lifetime wealth transfer rank-rank coefficient is now substantial, from .711 to .281 for total wealth percentile. One interpretation is that the decomposition shows that about 60 percent of the correlation between own wealth and lifetime wealth transfers (1-.281/.711) is working through the additional channels (risk taking, education, starting a business) and income itself (which is also a function of the additional controls). The remaining 40 percent of the lifetime wealth transfer correlation is operating through channels not being captured in other controls or income.

The mediation analysis also helps to better understand the issue of non-linearity in the simple rank-rank analysis in the previous section. The average rank-rank coefficient without the mediating variables was .711, which is plotted against the actual rank-rank correlations (solid blue line) in Figure 7. The fitted line clearly overpredicts the rank-rank correlations at low levels of lifetime wealth transfers, and underpredicts the rank-rank correlations at the top of the lifetime wealth distribution (the zero-transfer point is exactly identified). Adding the mediating

**Figure 7. Actual and Predicted Rank-Rank Correlations**



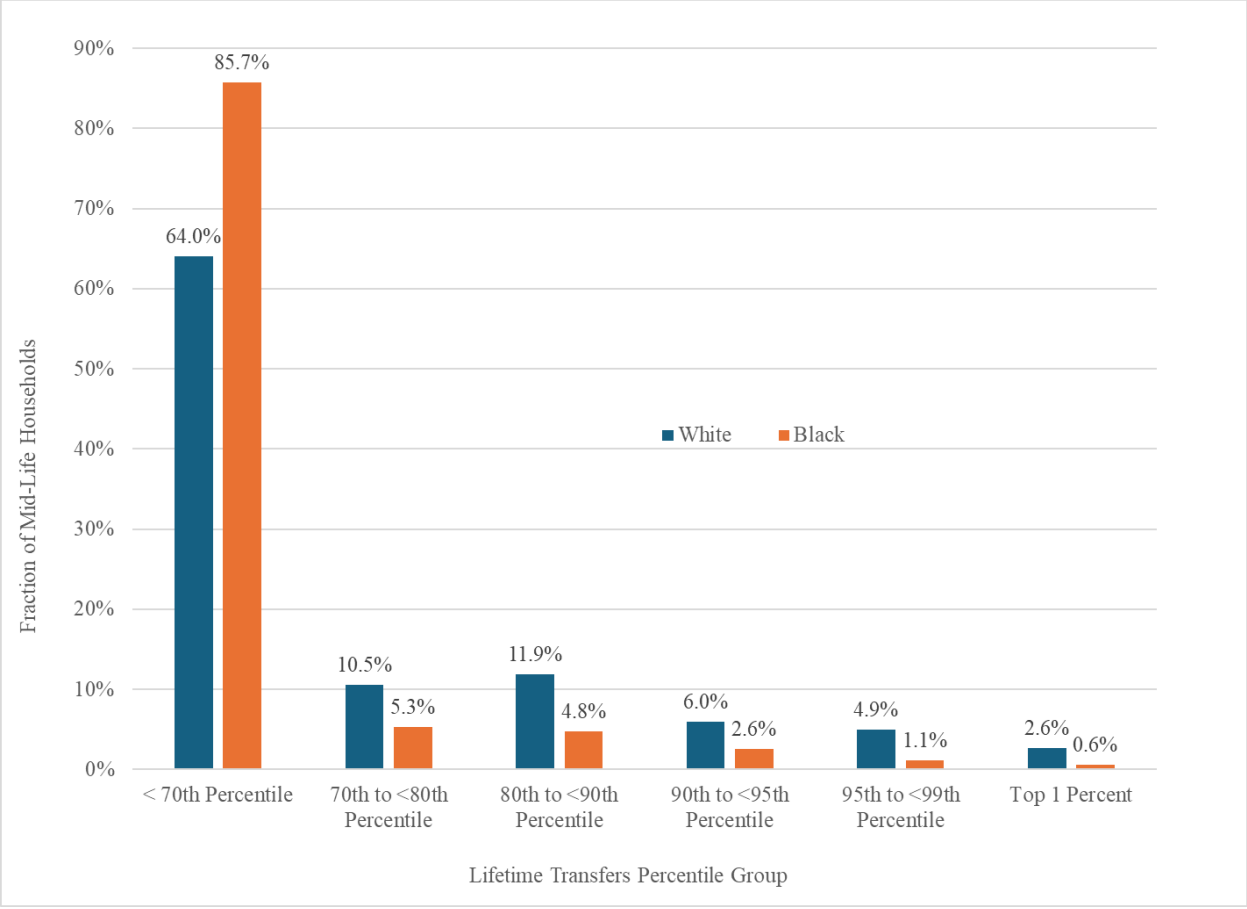

variables to the regression (Table 5) closes some of those gaps between actual and predicted rank-rank values, especially at the very top of the lifetime transfers distribution. Specifically, knowing that an individual has an advanced degree or started a business is key to predicting they are near the top of the own-wealth distribution.

## VII. Gaps in Racial Wealth Transmission

The SCF is a primary source of data for measuring and studying differences in wealth between white and Black households, referred to generally as the racial wealth gap. Studies regularly show the racial wealth gap is large and not closing over time. Using the new lifetime wealth transfers measure introduced in this paper, we can ask, "is there a racial wealth *transmission* gap?" That is, at any given level of lifetime wealth transfers, do the average rank-rank correlations differ between white and Black families?

It is not surprising that the lifetime wealth transfers distributions are very different for white and Black households (Figure 8). Black households are much more likely to report zero or

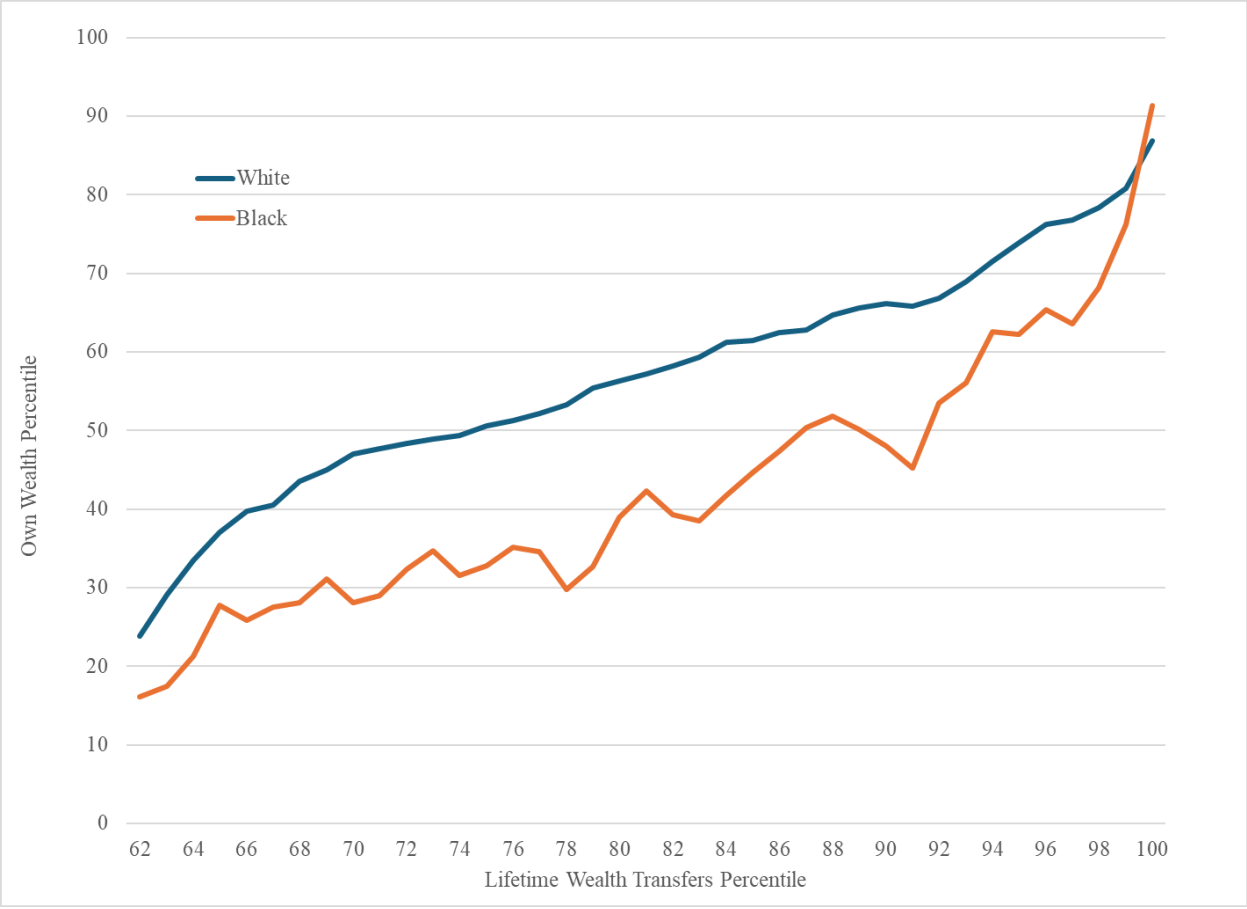
**Figure 8. Lifetime Wealth Transfer Distributions, White and Black Households**



very small (below the 70th percentile) lifetime transfers, and conditional on receiving a transfer, much less likely to be at the top of the wealth transfer distribution. Figure 8 shows that there is a racial lifetime wealth *transfer* gap that looks like the racial wealth gap, but it does not speak directly to the questions of a racial wealth *transmission* gap.

Estimating the racial wealth transmission gap essentially means producing separate rank-rank charts for white and Black households (Figure 9). The two key takeaways from Figure 9 are (1) average own wealth percentiles relative to lifetime transfer percentiles are around 10 percentage points lower for Black families across most of the wealth transfer distribution, and (2) the wealth transmission gap disappears at the top of the lifetime wealth transfer distribution.

**Figure 9. White and Black Household Rank-Rank Correlations**



Similar results on the *average* differences between Black and white rank-rank wealth correlations have been found in studies using linked parent-child data sets with housing wealth (Chetty, et al, 2020; Binder et al, 2024). The non-linearity in the wealth transmission gap across the lifetime wealth transfer distribution in Figure 9 suggests running separate rank-rank regressions for white and Black households to see if the mediation approach adds information that goes beyond the visual impression (Table 6).

The simple linear rank-rank regressions in Table 6 are numerical versions of Figure 9. The estimated average rank-rank slope is .731 for white mid-life households, and .527 for Black mid-life households. The corresponding zero-transfer coefficients are 48.52 and 29.20, which confirms that the line of average correlations for Black households is both flatter and shifted down (lower intercept). By construction, the simple rank-rank analysis has little to say about the convergence of rank-rank correlations at the top of the lifetime wealth distribution.

Mediation analysis provides some clues about the racial wealth transmission gap, but much is left unexplained. The residual rank-rank coefficients drop substantially for both white and Black households when the mediating variables are added. The gap in rank-rank correlations is still large (0.304-0.235) but roughly 2/3rds of the simple gap [1-(0.304-0.235)/(0.731-0.527)] is closed. There is reinforcing evidence of weaker education and risk-taking effects for Black households, but the income coefficients are similar (0.534 for white, 0.503 for Black) and the effect of starting a business on own wealth for Black households (16.24 percentile points) is stronger than for white households (14.12 percentile points).[10]

[10] Another possible source is racial differences in retirement wealth accumulation (Choukhmane, et al, 2024).

**Table 6. Rank-Rank Regressions, White and Black Households**

| | White and Black Only | White Households | | Black Households | |
|---|---|---|---|---|---|
| Lifetime Wealth Transfer Percentile | 0.716*** | 0.731*** | 0.304*** | 0.527*** | 0.235*** |
| | (0.00471) | (0.00482) | (0.00720) | (0.0174) | (0.0183) |
| No Transfers Received Dummy | 44.48*** | 48.52*** | 17.51*** | 29.20*** | 8.315*** |
| | (0.355) | (0.407) | (0.507) | (0.634) | (0.781) |
| Willing to Take Above Average Risk | | | 4.150*** | | 1.789 |
| | | | (0.526) | | (1.415) |
| Masters Degree or Higher | | | 4.263*** | | 1.750 |
| | | | (0.652) | | (2.092) |
| Advanced (PhD, JD, MD) Degree | | | 1.109 | | 0.344 |
| | | | (0.887) | | (3.902) |
| Started Any Business | | | 14.12*** | | 16.24*** |
| | | | (0.551) | | (2.050) |
| Income Percentile | | | 0.534*** | | 0.503*** |
| | | | (0.00883) | | (0.0206) |
| Observations | 17,446 | 15,265 | 15,265 | 2,181 | 2,181 |
| R-Squared | 0.769 | 0.796 | 0.883 | 0.624 | 0.763 |

Note: Mid-life sample is SCF households where older of respondent or spouse is 45 to 64 years old. Income, wealth, wealth less transfer, and lifetime wealth transfer percentiles based on sorting within age groups and survey year.

## VIII. Conclusions

Intergenerational wealth is highly correlated in the U.S., as it is in countries for which we have longitudinally linked population registries with wealth for parents and children. The evidence for the U.S. presented here is based on indirectly measured parental wealth in the SCF. The survey captures lifetime wealth transfers as the sum of transfers already received plus expected remaining transfers. Although lifetime wealth transfers are becoming more concentrated (in line with underlying wealth concentration) there is no evidence that intergenerational wealth mobility (based on rank-rank analysis) is changing over time.

The approach to disentangling intergenerational wealth correlations presented here is also very encouraging. The lifetime wealth transfers approach shows that identifiable pathways (risk taking, education, starting a business) are important parts of the story about intergenerational wealth persistence. From a policy perspective, the analysis here suggests continued focus on the link between intergenerational wealth and these other wealth-determinants. Eliminating differences in these outcomes across the parental wealth distribution is a promising direction for moving the needle on intergenerational wealth mobility.

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