Intergenerational Transfers, Wealth Inequality and Wealth Mobility in the United States

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Abstract

I use PSID panel data (2001–2021) to study how intergenerational wealth transfers distribute across U.S. wealth groups and whether they contribute to wealth inequality and wealth mobility. Transfers in the PSID capture primarily death-related wealth transfers that arrive in mid-to-late life. These transfers concentrate at the top of the within-cohort wealth distribution: wealthier recipients receive transfers more often and accumulate larger amounts relative to lifetime resources. Despite this concentration, a counterfactual removing capitalized wealth transfers barely shifts within-cohort wealth inequality. The impact on wealth mobility is limited within generations and modest across generations. The reason is timing: most recipients who reach the top of their cohort were already wealthy before any transfer arrived. Indirect family advantages and unmeasured early-life inter vivos transfers are the primary determinants of U.S. wealth mobility.

JEL classification: D14, D31, D64, E21, J62

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1 Introduction

Intergenerational wealth transfers are widely seen as central to wealth inequality. Theoretical models include bequests to match observed wealth concentration (De Nardi, 2004; Benhabib, Bisin and Luo, 2019; Kaymak and Poschke, 2016; Cooke et al., 2025). Intergenerational transfers constitute a large share of aggregate wealth (Kotlikoff and Summers, 1981; Modigliani, 1988; Davies and Shorrocks, 2000), and the inheritance share has risen in the United States and Europe since the mid-twentieth century (Alvaredo, Garbinti and Piketty, 2017; Piketty and Zucman, 2015). But who receives these transfers, and do they contribute to wealth inequality and wealth mobility?

Main results Using the Panel Study of Income Dynamics (PSID, 2001–2021), I study the distribution of intergenerational wealth transfers across U.S. wealth groups and their contribution to wealth inequality and wealth mobility. I rank each individual relative to peers born in the same decade, taking the within-cohort wealth distribution over the lifecycle as the object of interest.

Intergenerational transfers take two forms: early-life inter vivos support (e.g., education financing, down-payment assistance) and death-related transfers (near-death gifts and inheritances). In principle, survey and administrative data can record either form. In practice, no data source measures early-life inter vivos support well. I validate the PSID transfer measure against the SCF and show that both reflect primarily death-related transfers. Throughout this paper, 'intergenerational wealth transfers' refers to these measured death-related transfers. I obtain two main results.

First, intergenerational wealth transfers concentrate at the top of the within-cohort wealth distribution and are more important relative to lifetime resources for wealthier recipients. Among individuals aged 60–64, the receipt rate rises from 23% in the bottom wealth decile to 67% in the top. Conditional on receipt, the top wealth decile accumulates wealth transfers worth 15–16% of lifetime resources, compared with 7–11% for wealth deciles 1–9. Both gradients persist across the lifecycle but move in opposite directions: the receipt-probability gap narrows with age while the conditional-amount gap widens.

Second, despite this concentration at the top, intergenerational wealth transfers barely contribute to within-cohort wealth inequality or wealth mobility. I use two mechanical counterfactuals. The first subtracts capitalized wealth transfers from each recipient's net worth. The second, following Feiveson and Sabelhaus (2018), replaces each individual's transfers with the

sample mean, isolating the role of transfer inequality. Under the subtraction counterfactual, within-cohort wealth inequality falls by 1.4–1.3% at ages 60–64. Wealth transfers account for 10–14% of intragenerational rank stability and 23–23% of intergenerational rank stability. The redistribution counterfactual produces similar results. Indirect family advantages and unmeasured early-life inter vivos transfers remain the primary determinants of wealth mobility in the U.S.

Related literature This paper relates to four strands of literature.

First, a large literature documents the distribution of intergenerational wealth transfers across wealth groups. In the U.S., receipt rates and absolute amounts rise with wealth (Wolff, 2002; Wolff and Gittleman, 2014; Feiveson and Sabelhaus, 2018). Similar gradients hold in Denmark (Boserup, Kopczuk and Kreiner, 2016), Sweden (Elinder, Erixson and Waldenström, 2018), Great Britain (Karagiannaki, 2017; Boileau and Sturrock, 2025), and across European countries (Fessler and Schürz, 2018; Nolan et al., 2022). These studies focus on absolute amounts. In contrast, two early simulation studies assessed the importance of inheritance relative to lifetime wealth for the U.S. and Canada (Blinder, 1976; Davies, 1982). Building on these, Black et al. (2025) measure the importance of gifts and inheritances relative to lifetime resources in Norway using administrative data. They find that the share is small at all wealth levels but rises with wealth. I compute importance relative to lifetime resources for the U.S.

Second, a related literature estimates intergenerational wealth transfers' contribution to wealth inequality. Several studies find that wealth transfers reduce relative wealth inequality, because inheritances are a larger fraction of wealth for less wealthy recipients (Wolff, 2002; Klevmarken, 2004; Boserup, Kopczuk and Kreiner, 2016; Crawford and Hood, 2016; Karagiannaki, 2017; Elinder, Erixson and Waldenström, 2018). The effect may be transient: Nekoei and Seim (2023) show that inheritances initially reduce inequality in Sweden but increase it within a decade, and Druedahl and Martinello (2022) find that Danish heirs consume most of an unexpected inheritance within ten years. Other studies find that wealth transfers increase relative wealth inequality. Palomino et al. (2022) attribute 32% of U.S. wealth inequality to wealth transfers using a Shapley decomposition. Feiveson and Sabelhaus (2018) find that equalizing capitalized wealth transfers would reduce the U.S. top-decile wealth share from 73% to 57%. Morelli et al. (2025) reconcile these findings across six countries: small and medium transfers reduce the Gini, but transfers above the 95th percentile of the transfer distribution are disequalizing. I assess the contribution of wealth transfers to within-cohort U.S. wealth inequality using PSID panel data.

Third, several studies assess whether wealth transfers drive intergenerational wealth mobility. Charles and Hurst (2003) find that bequests explain little of the U.S. intergenerational wealth elasticity once income is controlled for. Pfeffer and Killewald (2018) show that most advantages from family wealth operate through earlier lifecycle channels, particularly education and homeownership. Fagereng, Mogstad and Rønning (2021) reach a similar conclusion for Norway using adoptee data. Adermon, Lindahl and Waldenström (2018) find a larger role for wealth transfers in Sweden: bequests account for at least half of the parent-child wealth correlation. I use counterfactual subtraction rather than regression models and quantify the impact on both intragenerational and intergenerational wealth mobility.

Fourth, heterogeneous-agent models require bequests to match observed wealth concentration (De Nardi, 2004; Gokhale et al., 2001; Laitner, 2001; Benhabib, Bisin and Luo, 2019; Kaymak and Poschke, 2016; Cooke et al., 2025). Empirical wealth transfer distributions serve as calibration targets for these models.

Contributions This paper adds three elements to existing U.S. studies that rely on the SCF (Wolff and Gittleman, 2014; Feiveson and Sabelhaus, 2018; Palomino et al., 2022). First, the PSID panel enables measuring wealth transfer importance, not just amounts. Importance is the ratio of cumulative capitalized wealth transfers to lifetime resources, similar to Black et al. (2025) for Norway. Computing lifetime resources requires individual labor income observed over many years. The SCF, being cross-sectional, cannot construct this measure. Second, I document intergenerational wealth transfer gradients across the lifecycle. Prior SCF studies observe the gradient at a single point. I track both margins from age 25 through 64. The receipt-probability gap narrows with age while the conditional-amount gap widens. Third, the panel design enables assessing wealth transfers' contribution to wealth mobility, which also requires panel data. Using a counterfactual design, I find that wealth transfers have a limited impact on intragenerational wealth mobility and a modest impact on intergenerational wealth mobility.

2 Data and measurement

2.1 Data

PSID I use the Panel Study of Income Dynamics (University of Michigan, 2023), a representative U.S. household panel ran since 1968 (biennially since 1997). The PSID records wealth (total assets minus total debts) in 1984, 1989, 1994, and biennially from 1999. I use the 11 waves from

2001 through 2021. I restrict to the SRC subsample, which is self-weighting and standard in macroeconomic research (e.g., Cooper, Dynan and Rhodenhiser, 2019; Straub, 2019).

The PSID records wealth, income, and intergenerational transfers at the household level. I convert to individual-level data. For wealth, married couples split equally (consistent with community-property regimes and standard in survey-based wealth research, e.g., Pfeffer and Killewald 2018). Unmarried couples split in proportion to labor income shares. For intergenerational transfers, each adult receives an equal share of the household-reported amount. Results are robust to a head-only allocation (Online Supplement, Appendix P). The PSID's genealogical design links individuals across waves through changes in household composition, forming the individual-level panel used throughout.

The PSID underrepresents the top of the wealth distribution relative to the Survey of Consumer Finances (SCF). I therefore use the top wealth decile rather than finer wealth percentiles. The gap to the SCF is stable over time (Pfeffer et al., 2016; Insolera, Simmert and Johnson, 2021).

Wealth transfer measurement & importance The PSID asks respondents whether they received gifts or inheritances and, if so, their amounts. The question has been asked since 1984, so cumulative records predate the 2001 start of the wealth sample. The baseline definition covers these intergenerational transfers. I consider two alternatives in the robustness analysis (Appendix A): a broad definition adding financial assistance from relatives (Gale and Scholz, 1994) and a lump-sum variant excluding annuity-type payments. Results hold under all three definitions (Online Supplement, Appendix A).

I measure wealth transfer importance as the ratio of cumulative capitalized wealth transfers ($T_{i,t}^{\text{cum}}$) to lifetime resources (LR_i). Both components compound past flows forward to the terminal year at a common capitalization rate r. First, lifetime resources equal 35 years of capitalized average annual labor income:

$$LR_i = 35 \times \frac{1}{|\mathcal{T}_i|} \sum_{s \in \mathcal{T}_i} Y_{is} \cdot (1+r)^{t^*-s}, \tag{1}$$

where Y_{is} is individual labor income in wave s, $\mathcal{T}_i$ is the set of observed waves, and t^* is the terminal year. Government transfers are excluded because the PSID records them only from 1999. Computing lifetime resources requires panel data on individual labor income. The PSID provides this. The SCF does not. Second, cumulative capitalized wealth transfers aggregate all past wealth transfer receipts compounded forward to the terminal year:

$$T_{i,t}^{\text{cum}} = \sum_{s \leq t} T_s \cdot (1+r)^{t-s}, \tag{2}$$

where T_s is the wealth transfer received at time s. The key modeling choice is the capitalization rate r. I report two approaches throughout. The baseline homogeneous approach sets $r = \bar{r} = 4.3\%$, the sample median annualized portfolio return over 2001–2021. All individuals capitalize both lifetime resources and wealth transfers at this common rate. The alternative heterogeneous approach sets $r = r_i$, individual i's average annualized portfolio return (the geometric mean of biennial returns). Both LR_i and $T^{\text{cum}}_{i,t}$ capitalize at r_i, so the ratio is internally consistent.

The main findings hold under both approaches. As a further robustness check, I express wealth transfers relative to Total Inflows ($TI_i = LR_i + T^{\text{cum}}_{i,t^*}$), following Black et al. (2025). This denominator includes the intergenerational wealth transfers themselves.

Wealth ranking and sample I assign individuals to ten-year birth cohorts and compute percentile ranks within each cohort. For each five-year age bracket (25–29 through 75+), the terminal wealth rank is the median within-cohort percentile rank across observed waves. Alternative definitions (mean, first-wave, last-wave) yield near-identical results (Online Supplement, Appendix D). I bin terminal ranks into wealth deciles. Online Supplement, Appendix J documents the methodology.

The baseline bracket is ages 60–64 ($N = 2{,}714$). By this age, wealth accumulation is largely complete and most parents have died, so most wealth transfers have arrived. Conditioning on ages 60–64 selects on survival: if wealthier individuals survive longer, the sample is positively selected on wealth. Ranks are recomputed within the surviving sample, so within-sample comparisons remain valid, and the gradient holds at ages 35–39 and 50–54, where survival selection is weaker (Appendix B, Online Supplement, Appendix E). Appendix A provides further details on variable construction.

2.2 Scope and validation

Intergenerational wealth transfer categories Intergenerational transfers fall into two categories. The first is early-life inter vivos support: for instance, education financing, down-payment assistance, and insurance against adverse shocks (Gale and Scholz, 1994; McGarry, 1999). The second is death-related transfers: near-death gifts and inheritances received around a family member's death.

Both survey and administrative data can in principle capture both categories. The PSID and SCF ask about gifts and inheritances, questions broad enough to cover both. Administrative data capture intergenerational transfers insofar as they are taxed. In practice, however,

early-life inter vivos support is likely not captured well by any data source. It is informal and ongoing, unlikely to be reported as a 'gift or inheritance' in surveys or to trigger a tax event in administrative records. The concentration of measured transfers documented here therefore likely understates total intergenerational transfers.

What does the PSID transfer measure capture? PSID-measured transfers arrive late in working life. Among individuals aged 60–64, the median age at first receipt is 54. Only 17% of recipients receive a transfer before age 40. Timing shows no wealth gradient: median receipt ages range from 51 to 56 across wealth deciles (Appendix B, Figure 10).

The SCF shows a similar pattern (Feiveson and Sabelhaus, 2018). At ages 60–64, the SCF median inheritance receipt age is 53, close to the PSID median of 54. The same holds across countries: inheritance receipt peaks in the 50s in Sweden (Elinder, Erixson and Waldenström, 2018), Norway (Black et al., 2025), and England (Crawford and Hood, 2016).

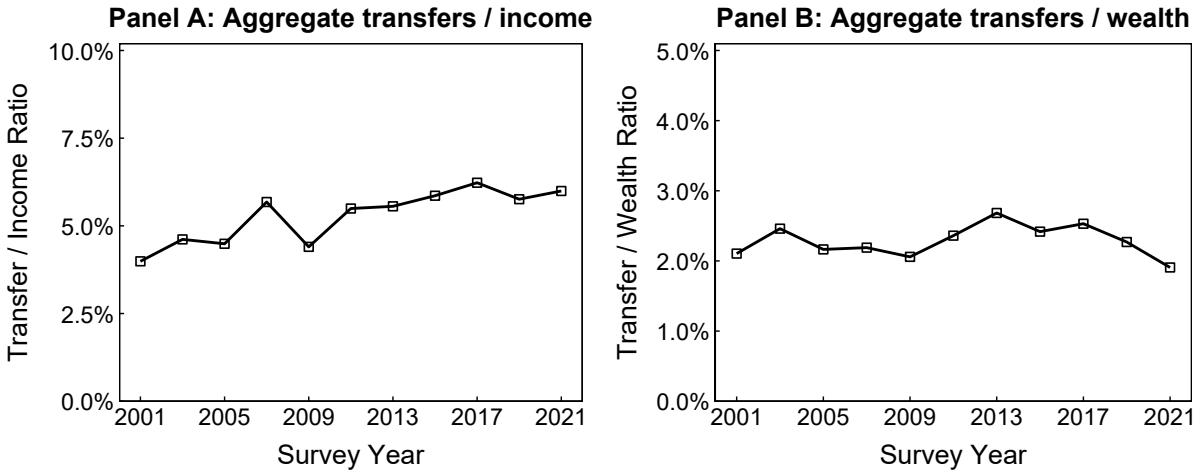
The PSID and SCF ask comparable questions and produce matching timing distributions, so the two transfer variables likely measure the same thing. What do they measure? I use SCF data from waves 2001–2022 to characterize the composition. The SCF distinguishes inheritances, inter vivos gifts, and trusts, and records the source of each transfer (Online Supplement, Appendix N). Inheritances dominate: 81% of reported transfers by count and 78% by value. Inter vivos gifts account for 13%. Among inheritances, 72% come from parents, 14% from grandparents, and 10% from aunts and uncles. Among inter vivos gifts, 72% come from parents. The non-parental share implies that roughly one-third of measured transfers reflect extended-family wealth rather than the direct parent-child channel.

The PSID transfer measure therefore captures primarily death-related transfers. It captures only to a lesser extent early-life inter vivos support for education, homeownership, health shocks, and income shocks.[1]

Limitations and external validation Two additional measurement issues affect the PSID transfer variable. First, self-reported transfers are likely underreported (Laitner and Sonnega, 2010). Uniform underreporting preserves the gradient and attenuates only levels. If the wealthy underreport more, the true gradient is steeper. Second, the sample lacks the SCF's high-wealth oversample. Results generalize to the broad middle and upper-middle of the U.S. wealth distribution, not the top one percent.

[1] Transfer receipt is not strategically timed around marriage or household formation, though receipt is elevated among homeownership transitioners (Online Supplement, Appendix C). Recipients in upper-middle wealth deciles display higher renter-to-owner transition rates.

Figure 1: Aggregate intergenerational transfer flows, PSID 2001–2021.



Notes: Panel A: ratio of aggregate new intergenerational transfers to aggregate household income (labor plus capital income), by PSID survey wave. Panel B: ratio of aggregate new intergenerational transfers to aggregate household net worth, by PSID survey wave. Sample: PSID 2001–2021, individuals aged 25–69.

Aggregate transfer flows are lower compared to with independent benchmarks (Figure 1). Annual receipts average 7% of household income (Panel A) and 2–3% of household net worth (Panel B). For comparison, Alvaredo, Garbinti and Piketty (2017) estimate transfer flows at 10–15% of national income in France by 2010. The PSID does capture a rising trend in the former ratio. In addition, the distributional concentration documented in Section 3 matches Danish (Boserup, Kopczuk and Kreiner, 2016) and Norwegian (Black et al., 2025) administrative data.

3 Wealth transfer receipt across the distribution

Who receives measured intergenerational transfers, and how large are they? I document the distribution across within-cohort wealth ranks at ages 60–64.

Extensive margin Wealthier individuals are far more likely to have received a measured wealth transfer. At ages 60–64, 67% of individuals in the top wealth decile report at least one wealth transfer, compared with 23% of individuals in the bottom wealth decile (Figure 2a) and 40%-50% in the middle wealth deciles.

This gradient is consistent with prior evidence for the U.S. and other countries. Using the SCF, Wolff (2002) reports receipt rates of 45% in the highest wealth class versus 10% in the lowest in 1998. Wolff and Gittleman (2014) confirm the pattern over 1989–2007. Feiveson and Sabelhaus (2018) find that inheritance receipt is twice as likely for top-income-decile households as for those in the bottom half. Across six developed countries, Nolan et al. (2022) find receipt probabilities of 5–15% in the bottom wealth quartile versus 43–69% in the top decile. Scandina-

vian administrative data show similar gradients (Boserup, Kopczuk and Kreiner, 2016; Elinder, Erixson and Waldenström, 2018), as do British survey data (Crawford and Hood, 2016; Karagiannaki, 2017; Boileau and Sturrock, 2025), European HFCS data (Fessler and Schürz, 2018), and cross-country survey data (Morelli et al., 2025). All prior studies rank individuals in the overall wealth distribution. I rank within birth cohorts.

Intensive margin The wealthier not only receive wealth transfers more often but also accumulate larger amounts. However, are these also more important among wealthier recipients? To measure the importance of wealth transfers, I express cumulative capitalized wealth transfers as a share of lifetime resources (LR_i, equation 1). I report both capitalization approaches outlined in Section 2.1.

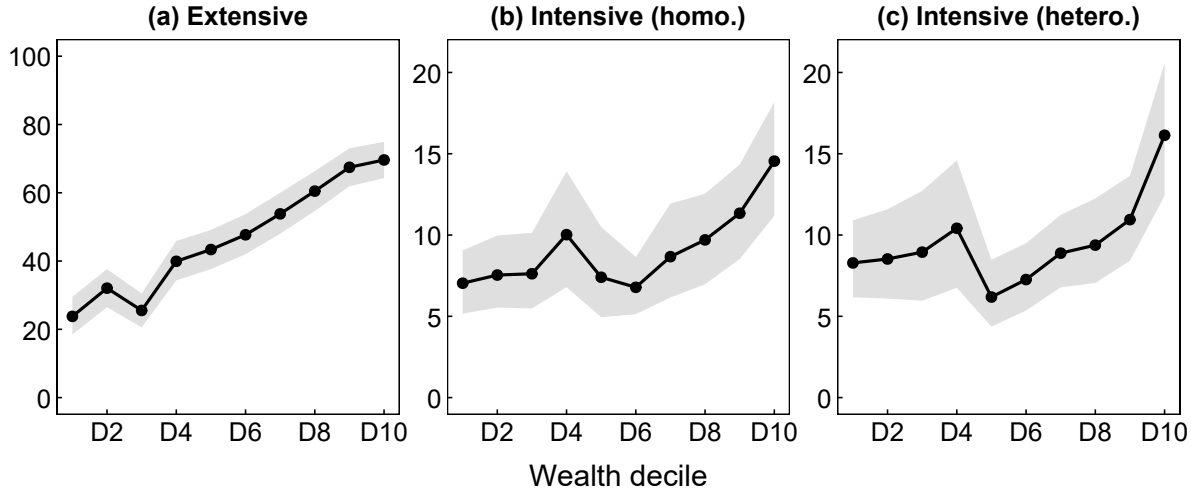
There exists a gradient in the importance of intergenerational wealth transfers with wealth ranks. Conditional on receipt, wealth transfers in the top wealth decile represent 15% of lifetime resources under homogeneous returns and 16% under heterogeneous returns (Figure 2b). In contrast, wealth deciles 1–9 accumulate only 7–11% and 6–11%, respectively. Heterogeneous returns produce somewhat higher levels and a higher gradient because wealthier individuals earn higher portfolio returns, compounding their wealth transfers more. Using Total Inflows (Appendix C) as an alternative denominator preserves the gradient.

Prior studies document this gradient in absolute amounts or relative to income, not relative to lifetime resources. Feiveson and Sabelhaus (2018) find that conditional inheritance amounts for top-income SCF households are nearly four times those at the bottom. More than half of total transfer dollars flow to the top wealth decile. Morelli et al. (2021) document that wealthier households receive larger transfers relative to income in seven countries. Scandinavian administrative data (Boserup, Kopczuk and Kreiner, 2016) and British survey data (Karagiannaki, 2017; Boileau and Sturrock, 2025) confirm the gradient. Fessler and Schürz (2018) find that receiving an inheritance is associated with a 14 percentile lift in the European net wealth distribution.

The closest comparison to the present study is Black et al. (2025), who measure the importance of gifts and inheritances relative to lifetime resources in Norway. The transfer share is small at all wealth levels but rises with wealth.

Lifecycle effects The baseline conditions on ages 60–64. Does the concentration of intergenerational wealth transfers among the wealthy hold at earlier ages, or does it emerge only late in life?

Figure 2: Transfer receipt by wealth decile, ages 60–64



Notes: Panel (a): fraction of individuals with positive cumulative capitalized intergenerational transfers by terminal within-cohort wealth decile (%). Panels (b)–(c): conditional mean cumulative capitalized wealth transfer as a percentage of lifetime resources under homogeneous ($r = \bar{r}$) and heterogeneous ($r = r_i$) capitalization. Shaded bands: 95% bootstrapped confidence intervals. Sample: PSID 2001–2021, individuals aged 60–64, one observation per individual.

To track the wealth gradient across the lifecycle, I compare the top wealth decile with the middle at each age. The gradient ratio divides the top-decile value by the median of wealth deciles 5–7, computed separately for each margin: the receipt share (extensive) and the conditional mean wealth transfer as a share of lifetime resources (intensive). A ratio above one means the wealthy receive more than the middle.

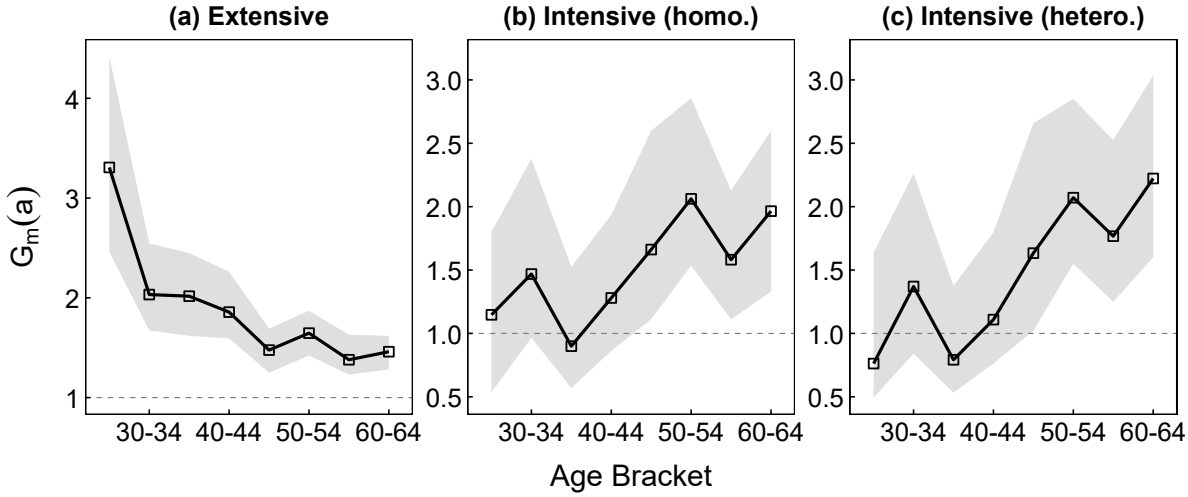
Two findings persist (Figure 3). First, the wealthy are more likely to receive wealth transfers and transfers are more important to wealthy recipients at every age: all gradient ratios exceed one from ages 25–29 through 60–64. Second, the two margins evolve differently with age. The extensive-margin ratio falls over the lifecycle (Figure 3a). By age 60, most individuals across all wealth groups have received at least one wealth transfer, narrowing the gap. The intensive-margin ratio rises under both capitalization approaches (Figure 3b–c). All ratios stabilize after age 40. No prior study tracks both margins over the lifecycle.[2]

4 Wealth inequality and wealth mobility

Section 3 documents that measured intergenerational wealth transfers concentrate among and are more important to the wealthy. How much do they contribute to within-cohort wealth

[2] A concern is that terminal wealth rank reflects wealth transfers already received. Replacing the terminal rank with lagged ranks measured 4 to 10 years earlier preserves the gradient at all horizons (Online Supplement, Appendix H).

Figure 3: Top-wealth-decile gradient ratio by age bracket



Notes: Top-decile gradient ratio: top-wealth-decile value divided by the median of wealth deciles 5–7. Panel (a): extensive margin (receipt probability). Panels (b)–(c): intensive margin (conditional mean wealth transfer as share of lifetime resources) under homogeneous ($r = \bar{r}$) and heterogeneous ($r = r_i$) capitalization. A ratio of one (dashed line) indicates equality between the top wealth decile and the middle. Shaded bands: 95% bootstrapped confidence intervals. PSID 2001–2021, terminal within-cohort wealth decile.

inequality and wealth mobility? I start by presenting empirical facts on within-cohort wealth inequality and wealth mobility. I then assess intergenerational wealth transfers' contribution to inequality and mobility using a counterfactual that subtracts capitalized wealth transfers from net worth under the two capitalization approaches defined in Section 2.1.

4.1 Wealth inequality and wealth mobility in the PSID

Within-cohort wealth inequality in the U.S. is high and roughly stable over the lifecycle. The within-cohort Gini in this paper's PSID sample is 71.6% at ages 25–29 and 73.8% at ages 60–64 (Figure 4a). The top-wealth-decile share rises from 55% to 62% over the lifecycle. This stability is consistent with Van Langenhove (2025) (using a broader PSID sample) and Bauluz and Meyer (2024) (based on SCF data). Within-cohort wealth inequality is higher for more recent birth cohorts (Bauluz and Meyer, 2024; Van Langenhove, 2025).

Wealth ranks persist strongly, both within lifetimes and across generations (Table 1). First, intragenerational persistence measures how stable an individual's wealth rank is over the working lifecycle. The rank-rank slope from ages 35–39 to 60–64 is 0.58 in this paper's PSID sample, consistent with Van Langenhove (2025). Of top-quintile individuals at ages 35–39, 45.8% remain in the top quintile at ages 60–64. Intragenerational wealth mobility in the U.S. has declined for more recent birth cohorts (Van Langenhove, 2025).

Second, intergenerational persistence measures how much children's wealth positions depend on their parents'. The parent-child rank-rank slope is 0.45 in this paper's PSID-sample, in line with Van Langenhove (2025). Children of top-quintile parents have a 26.2% probability of reaching the top quintile, compared with 3.9% for children of bottom-quintile parents. Intergenerational wealth mobility has also declined in the U.S. (Fisher and Johnson, 2022; Van Langenhove, 2025).

4.2 Counterfactual design

How much do measured wealth transfers contribute to within-cohort wealth inequality and wealth mobility? For each individual, I subtract capitalized wealth transfers from net worth, recompute wealth inequality indices and within-cohort wealth rankings, and compare to the actual distribution. I use two counterfactuals, both computed under the two capitalization approaches defined in Section 2.1.

The first is a subtraction counterfactual: $w_i^{\text{CF}} = w_i - T_i$. It removes all transfer wealth from each recipient and measures wealth transfers' total contribution to inequality and wealth mobility. The second is a redistribution counterfactual (in line with Feiveson and Sabelhaus (2018)): $w_i^{\text{CF}} = w_i - T_i + \bar{T}$, where $\bar{T}$ is the mean of cumulative capitalized wealth transfers across all individuals. It keeps aggregate transfer wealth constant and isolates the contribution of the unequal distribution of wealth transfers.

Both counterfactuals are mechanical. They subtract capitalized transfer amounts from net worth and ignore behavioral responses. This introduces two offsetting biases.

The first bias is anticipation. Individuals who expect a future transfer may save less (cf. Bernheim, Shleifer and Summers, 1985) or reduce labor supply (Brown, Coile and Weisbenner, 2010; Doorley and Pestel, 2020). Their pre-transfer wealth is then lower than it would be absent any expected transfer, and the counterfactual overstates the contribution of wealth transfers. Recent evidence supports this channel. Basiglio, Rossi and van Soest (2023) find that expecting a large intergenerational transfer in the Netherlands reduces the probability of saving by 9 to 13 percentage points. Malo and Sciulli (2023) show that European households expecting a transfer consume as if they belonged to a higher wealth decile. Belloc and Molina (2026) find that husbands in Japan reduce savings by 5% upon expecting an intergenerational transfer from their parents.

The second bias is crowding-in. Wealth transfers may enable further wealth accumulation, for example by financing homeownership, which then appreciates (Engelhardt and Mayer,

1998). The counterfactual then understates the contribution of wealth transfers, because it removes only the transfer amount, not the additional wealth it enabled. Evidence on homeownership crowding-in exists in the PSID (Online Supplement, Appendix C) but applies primarily to early-life transfers. More broadly, crowding-in appears limited: Druedahl and Martinello (2022) find that Danish heirs consume most of an unexpected intergenerational transfer within a decade.

The two biases work in opposite directions and their net effect is unclear. The mechanical counterfactual avoids imposing behavioral assumptions and provides a transparent benchmark.

4.3 Within-cohort wealth inequality

Measured intergenerational wealth transfers contribute very little to within-cohort wealth inequality (Figure 4). The two counterfactuals point in opposite directions.

Under the subtraction counterfactual, removing all transfer wealth from recipients *raises* the within-cohort Gini at ages 60–64 by 1.4% under homogeneous returns and 1.3% under heterogeneous returns. Wealth transfers are mildly equalizing in aggregate: they reduce within-cohort inequality, because even modest transfers add proportionally more to less wealthy recipients' net worth.

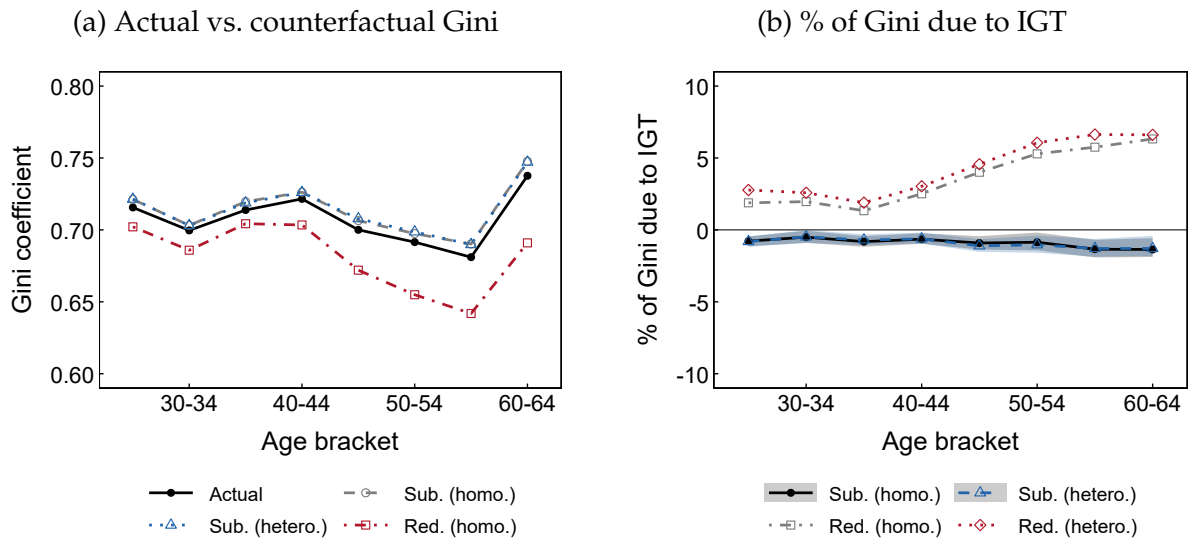
Under the redistribution counterfactual, equalizing transfers across individuals *lowers* the Gini by 6.3% under homogeneous returns and 6.6% under heterogeneous returns. The unequal distribution of wealth transfers is mildly disequalizing: because transfers concentrate at the top (Section 3), redistributing them equally reduces inequality.

Both effects are small and roughly constant across the lifecycle (Figure 4a).

Why is the impact so limited? Wealth transfers are large in dollars at the top (Section 3), but small relative to top-decile net worth (Online Supplement, Appendix I). Subtracting a small fraction of a large wealth stock barely moves the Gini. The small magnitude aligns with a broad literature (Wolff, 2002; Klevmarken, 2004; Boserup, Kopczuk and Kreiner, 2016; Crawford and Hood, 2016; Karagiannaki, 2017; Elinder, Erixson and Waldenström, 2018). Elinder, Erixson and Waldenström (2018) estimate that inheritances reduce the Swedish Gini by 7%, though Nekoei and Seim (2023) show that the equalizing effect reverses within a decade.

Two U.S. studies report larger effects. Palomino et al. (2022) attribute 32% of the U.S. wealth Gini to intergenerational transfers using a Shapley value decomposition. The difference is the measure: the Shapley approach attributes to transfers all wealth differences between recipients and non-recipients, including correlated advantages such as parental wealth, education, and

Figure 4: Contribution of intergenerational wealth transfers to within-cohort wealth inequality over the working lifecycle



Notes: Both panels show the subtraction counterfactual (net worth minus capitalized wealth transfers) under homogeneous and heterogeneous capitalization, and the redistribution counterfactual (Feiveson and Sabelhaus, 2018) (net worth minus wealth transfers plus sample mean) under homogeneous capitalization. Panel (a): within-cohort Gini coefficient levels at each five-year age bracket. Panel (b): share of the actual Gini attributable to intergenerational wealth transfers, computed as $(\text{Gini}_{\text{actual}} - \text{Gini}_{\text{CF}}) / \text{Gini}_{\text{actual}}$. Positive values indicate that wealth transfers increase inequality. Shaded bands in panel (b): 95% bootstrapped confidence intervals for the subtraction counterfactual. Wealth transfer definition: Type 1. PSID 2001–2021.

saving behavior. My subtraction counterfactual removes only the capitalized transfer amount, isolating the direct contribution. The gap reflects the role of family background (Section 4.5).

Feiveson and Sabelhaus (2018) find that equalizing capitalized transfers across households reduces the top-decile wealth share from 73% to 57%. My redistribution counterfactual mirrors their approach, replacing each individual's transfers with the sample mean. Even so, the within-cohort effect at ages 60–64 is 6.3%. Two differences account for the gap. First, they decompose the overall wealth distribution, pooling across all ages. Pooling ages 25 to 69 yields an effect of 4.8% (Online Supplement, Appendix O), still well below their estimate. Second, the SCF's high-wealth oversample reaches the very top of the distribution, where large disequalizing transfers concentrate (Morelli et al., 2025). The PSID does not reach these households.

4.4 Wealth mobility

Do wealth transfers affect individuals' relative wealth positions? I assess their contribution to intragenerational wealth mobility (rank stability over the lifecycle) and intergenerational wealth mobility (parent-child rank correlation). Results are in Table 1.[3]

[3]The redistribution counterfactual is not reported for mobility: it adds a constant ($\bar{T}$) to every individual's wealth, which does not change ranks.

Table 1: Contribution of intergenerational wealth transfers to wealth mobility

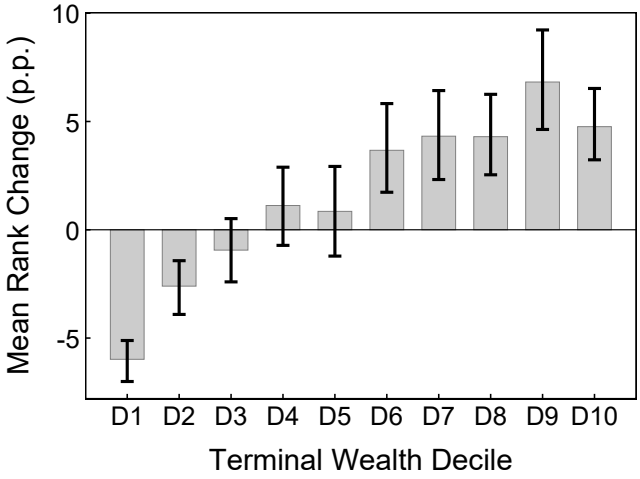
	Actual β	Counterfactual β	% explained
Panel A: Intragenerational persistence (ages 35–39 $\rightarrow$ 60–64)			
Rank-rank slope	0.58	0.52	10%
	(0.02)	(0.02)	[8, 16]
N	2,190		
R^2	0.34		
Panel B: Intergenerational persistence (parent $\rightarrow$ child at 60–64)			
Rank-rank slope	0.45	0.35	23%
	(0.03)	(0.03)	[16, 30]
N	945		
R^2	0.20		

Notes: Rank-rank slopes from OLS regression of terminal wealth rank (ages 60–64) on early-life rank (ages 35–39, intragenerational) or parental rank (ages 60–64, intergenerational). Counterfactual replaces actual net worth with net worth minus cumulative capitalized intergenerational wealth transfers. % explained = $1 - \beta_{CF}/\beta_{actual}$. 95% bootstrapped confidence intervals in brackets. Standard errors in parentheses. Homogeneous capitalization. PSID 2001–2021.

Intergenerational wealth transfers explain little of intragenerational wealth mobility. The subtraction counterfactual reduces the rank-rank slope from 0.58 to 0.52, accounting for 10% of intragenerational rank stability under homogeneous returns and 14% under heterogeneous returns. Removing transfers moves top-wealth-decile individuals by a mean of 4 percentile points. 76% remain in the same decile (Figure 5). The reason is timing: wealth positions are established before measured transfers arrive. Top-wealth-decile recipients already had a median within-cohort rank of 94 one wave before their first transfer (Figure 6). Since most transfers arrive after age 50 (Section 2.2), non-transfer factors determine wealth positions long before the first intergenerational transfer.

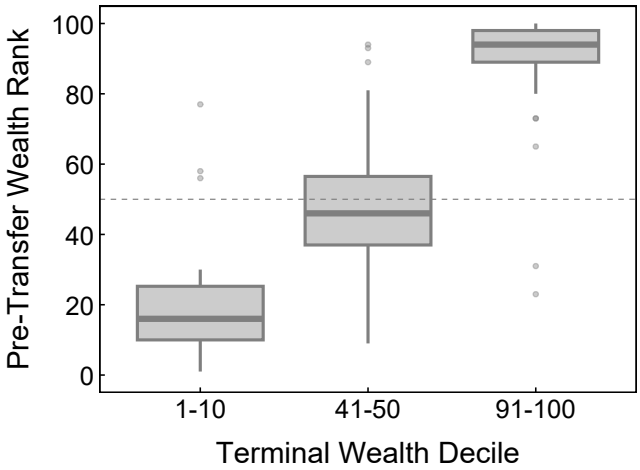
Intergenerational wealth transfers also account for a modest share of intergenerational wealth mobility. The counterfactual reduces the parent-child rank-rank slope from 0.45 to 0.35, explaining 23% of intergenerational rank stability under homogeneous returns and 23% under heterogeneous returns. Prior work reaches similar conclusions. Charles and Hurst (2003) find that intergenerational transfers explain little of the U.S. intergenerational wealth elasticity. Pfeffer and Killewald (2018) show that family wealth advantages operate primarily through earlier lifecycle channels such as education and homeownership, not through direct transfers. Black et al. (2025) find that inequality in intergenerational transfers has little impact on inequality in lifetime resources in Norway. In contrast, Adermon, Lindahl and Waldenström (2018) find a larger role in Sweden, where intergenerational transfers account for at least half of the parent-child wealth correlation.

Figure 5: Counterfactual rank change by wealth decile, ages 60–64



Notes: Mean difference between actual within-cohort wealth rank and counterfactual rank (net worth minus cumulative capitalized intergenerational wealth transfers), by terminal wealth decile. Error bars: 95% bootstrapped confidence intervals. Positive values indicate wealth transfers raised the individual's rank. Sample: PSID 2001–2021, individuals aged 60–64.

Figure 6: Pre-transfer within-cohort wealth rank by terminal wealth decile, ages 60–64



Notes: Box plots of within-cohort wealth rank measured one wave before first intergenerational transfer receipt, by terminal within-cohort wealth decile (selected wealth deciles). Dashed line at rank 50 marks the cohort median. Sample restricted to wealth transfer recipients with a valid pre-transfer wealth observation. PSID 2001–2021, individuals aged 60–64.

4.5 The role of family background

If measured intergenerational wealth transfers explain little of wealth mobility, what does? Two channels likely account for the remainder.

The first is indirect family advantages. Children from wealthy families accumulate wealth faster than their peers, even before any transfer arrives. In this sample, parental wealth predicts higher pre-transfer ranks among recipients (Appendix D), consistent with Van Langenhove (2025). Fagereng, Mogstad and Rønning (2021) provide causal evidence: adoptees' wealth tracks adoptive-family background, with intergenerational transfers explaining little. These advantages operate through education and homeownership (Pfeffer and Killewald, 2018) and through the intergenerational transmission of saving and investment behavior (Fagereng, Mogstad and Rønning, 2021), establishing within-cohort wealth positions early in life (Boserup, Kopczuk and Kreiner, 2018).[4]

The second is unmeasured early-life transfers. Section 2.2 establishes that the PSID transfer measure reflects primarily late-life transfers, not early-life inter vivos support. Education financing, down-payment assistance (Engelhardt and Mayer, 1998), and income-shock insurance (Fagereng et al., 2025) correlate with parental wealth but are unlikely to be reported as "gifts or inheritances" in the PSID or any other dataset. Moreover, 31% of SCF inheritances come from non-parents, so even among measured transfers, the direct parent-child channel is incomplete. These unmeasured transfers arrive earlier in life, when wealth positions are still forming, and could have a larger impact on wealth mobility than the late-arriving transfers documented here.

In short, if the PSID captured all inter vivos financial support from parents, the measured contribution of wealth transfers to wealth mobility would likely be larger. The key finding is that late-arriving intergenerational wealth transfers, which the data does capture, have a limited-to-modest impact on wealth mobility.

5 Conclusion

Measured intergenerational transfers in the PSID concentrate at the top of the wealth distribution. Yet they arrive late in working life, after within-cohort positions have been established. Recipients who end up in the top wealth decile were already near the top before any wealth transfer arrived. Removing wealth transfers barely alters within-cohort wealth inequality, has

[4] Elmelech (2026) surveys the evidence from a sociological perspective. Calibrated U.S. models include the transmission of type dependencies related to labor market skills, discount factors, financial literacy, etc.

a limited impact on intragenerational wealth mobility, and has a modest impact on intergenerational wealth mobility. Wealth positions are more strongly associated with the indirect advantages of growing up in a wealthy family or early-life inter-vivos transfer than with the direct inheritance of wealth surrounding family member death.

No existing data source captures early-life inter vivos support well. The PSID and SCF ask about gifts and inheritances, but informal early-life inter-vivos transfers mostly go unreported. Scandinavian administrative data face the same problem. This gap matters. If early-life support from wealthy parents drives wealth positions, then the channel through which family wealth reproduces itself remains unmeasured in every country. Closing this measurement gap should be a first-order priority for research on intergenerational wealth transmission.

Three limitations qualify this paper's findings. First, the PSID underrepresents the wealthiest households, where large bequests may play a bigger role. Second, the counterfactual is partial-equilibrium: heirs may adjust saving or investment in response to anticipated wealth transfers, so the true causal effect may differ from the mechanical accounting here. Third, and relatedly, embedding the empirical wealth transfer distribution in a calibrated heterogeneous-agent model (De Nardi, 2004; Benhabib, Bisin and Luo, 2019) would distinguish wealth-transfer-driven from type-dependent persistence. The empirical moments computed in this paper can serve as calibration targets for these models.

These findings bear on estate tax design. The limited impact of late-life wealth transfers on wealth mobility suggests that estate taxes alone cannot address the indirect family advantages that drive wealth inequality (Kopczuk, 2013; Piketty and Saez, 2013). Taxes on lifetime gifts or progressive wealth taxes may reach channels that estate taxes miss (Saez and Zucman, 2019). At the same time, the concentration of measured wealth transfers at the top of the distribution means that estate taxes do target the right recipients.

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A Variable definitions and sample construction

A.1 Wealth transfer definitions

The PSID asks respondents whether they received gifts or inheritances and records the amounts. I construct three definitions from these responses.

The baseline definition sums all reported gifts and inheritances. This is the primary measure used throughout the paper. The broad definition adds financial help received from relatives outside the household, capturing both regular and one-time support from parents, grandparents, and other relatives (Gale and Scholz, 1994). The lump-sum definition replaces the baseline inheritance variable with lump-sum gifts and inheritances (excluding annuity-type payments) and adds help from relatives. This alternative isolates wealth transfers that arrive as discrete wealth shocks rather than income streams.

All three definitions yield qualitatively identical results (Online Supplement, Appendix A).

A.2 Capitalization

I capitalize each wealth transfer receipt forward from the year of receipt to the terminal observation year. A wealth transfer T_s received at time s has capitalized value at time t:

$$T_{s,t}^{cap} = T_s \cdot (1+r)^{t-s}. \tag{3}$$

Cumulative capitalized wealth transfers sum all receipts through t:

$$T_{i,t}^{cum} = \sum_{s \leq t} T_{s,t}^{cap}. \tag{4}$$

I express cumulative wealth transfers relative to lifetime resources (LR_i), which capitalizes labor income at the portfolio return r (equation (1)). Waves with zero labor income are replaced by 40% of the previous wave's income as a replacement income proxy. If no previous wave is available, the observation is excluded from the average. I report two approaches: homogeneous returns ($r = \bar{r}$, the sample median portfolio return) and heterogeneous returns ($r = r_i$, individual-specific). Under the heterogeneous approach, both LR_i and $T_{i,t}^{\text{cum}}$ capitalize at r_i. Section 2.1 defines each approach. Online Supplement, Appendix D reports sensitivity.

A.3 Sample construction

The sample starts with all PSID SRC individuals observed in the 2001–2021 waves. I restrict to individuals aged 25–69 at the time of at least one interview. Individuals who satisfy this

age restriction in any wave are retained in the panel. Observations at ages 70 and above are included for the age-bracket analysis (brackets 70–74 and 75+) but excluded from the pooled panel.

I require non-missing wealth data for wealth rank computation. I trim the most extreme 0.1% of wealth transfer observations in each tail, separately for each definition, to reduce the influence of outliers. The final sample contains 2,714 individuals in the baseline bracket (ages 60–64).

A.4 Terminal wealth rank

For each age bracket, I assign each individual a terminal wealth rank equal to the median of their within-cohort wealth percentile ranks across all waves in which they fall within that bracket. For the baseline bracket (ages 60–64), this is the median rank across all waves where the individual is aged 60–64. The median smooths year-to-year fluctuations in wealth. I bin terminal ranks into wealth deciles. Alternative aggregation methods (mean, first wave, last wave) yield near-identical results (Online Supplement, Appendix D).

A.5 Statistical inference

All confidence intervals reported in the paper are constructed using a non-parametric pairs bootstrap. For each statistic (mean, median, or fraction), I draw 1,000 bootstrap samples with replacement from the relevant estimation sample and compute the statistic in each replication. The 95% confidence interval is the 2.5th and 97.5th percentiles of the bootstrap distribution (percentile method). Cells with fewer than 10 observations are excluded. Standard errors for regression coefficients are computed analogously as the standard deviation of the bootstrap distribution.

A.6 Observation counts

Observation counts and aggregate wealth transfer statistics by survey wave appear in Online Supplement, Appendix M.

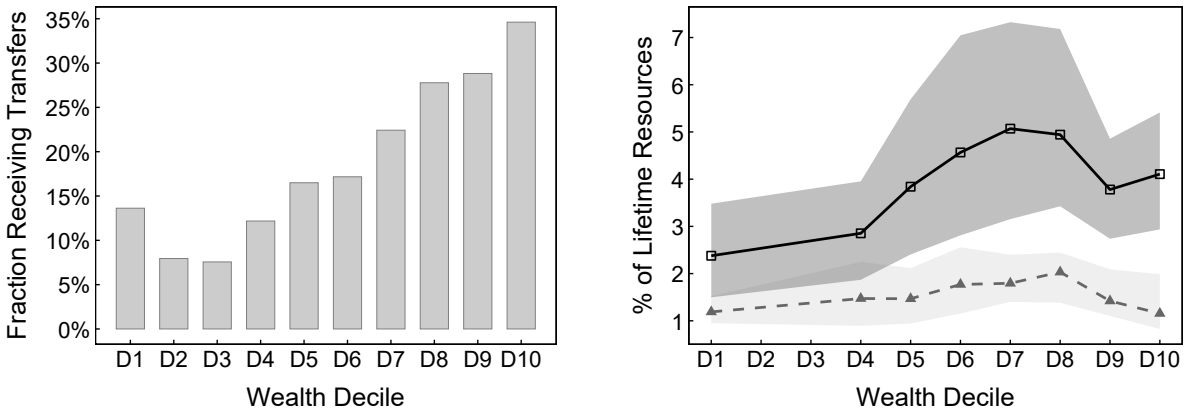
B Transfer receipt by age bracket

This appendix reports the extensive and intensive margin results from Section 3 for three representative non-baseline age brackets: 35–39 (early career), 50–54 (mid-career), and 70–74 (post-retirement). The baseline bracket (60–64) appears in the main text. The positive gradient holds in every bracket, with extensive margin gradients of 15–30 percentage points and intensive margin ratios of 1.5–3.0 (Table 2). Online Supplement, Appendix E provides the full set of figures.

Table 2: Age-bracket robustness summary.

Age bracket	*N*	Frac. D1 (%)	Frac. D10 (%)	Gradient (p.p.)	Ratio (D10/D1)
25-29	5,096	6.2	23.1	16.9	1.72
30-34	5,271	11.9	30.8	18.9	2.01
35-39	4,780	13.6	34.6	21.0	1.73
40-44	4,916	15.9	40.3	24.3	1.59
45-49	4,116	17.3	42.0	24.7	1.31
50-54	3,751	19.9	55.6	35.7	1.29
55-59	3,349	20.7	60.9	40.1	1.28
60-64	2,725	23.8	69.6	45.8	2.07
65-69	2,214	27.5	71.9	44.4	2.45
70-74	1,586	26.8	64.3	37.6	2.34
75+	1,358	20.5	56.2	35.8	2.27

Notes: D1 = bottom wealth decile, D10 = top wealth decile. Gradient = D10 fraction minus D1 fraction. Ratio = conditional mean transfer in D10 / conditional mean in D1. Transfer definition: Type 1. PSID 2001–2021.

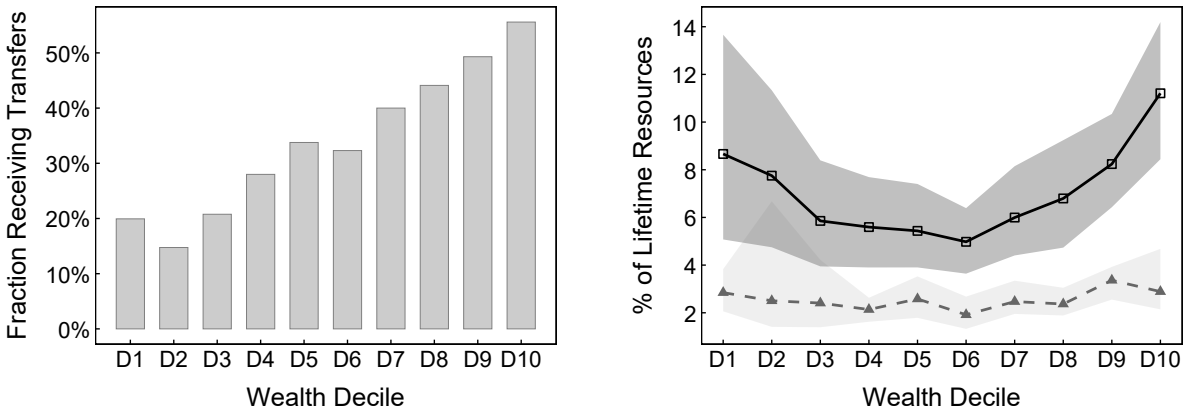


(a) Extensive margin

(b) Intensive margin

Figure 7: Transfer receipt by wealth decile, ages 35–39.

Notes: Panel (a): fraction receiving positive cumulative capitalized wealth transfers by terminal within-cohort wealth decile. Panel (b): mean (solid) and median (dashed) conditional amounts as percentage of lifetime resources, with 95% confidence bands. PSID 2001–2021.

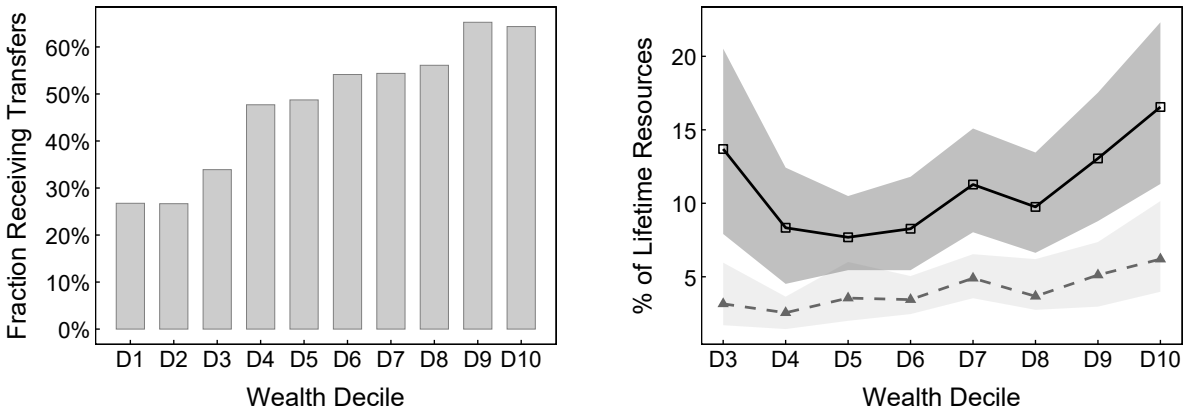


(a) Extensive margin

(b) Intensive margin

Figure 8: Transfer receipt by wealth decile, ages 50–54.

Notes: Panel (a): fraction receiving positive cumulative capitalized wealth transfers by terminal within-cohort wealth decile. Panel (b): mean (solid) and median (dashed) conditional amounts as percentage of lifetime resources, with 95% confidence bands. PSID 2001–2021.



(a) Extensive margin

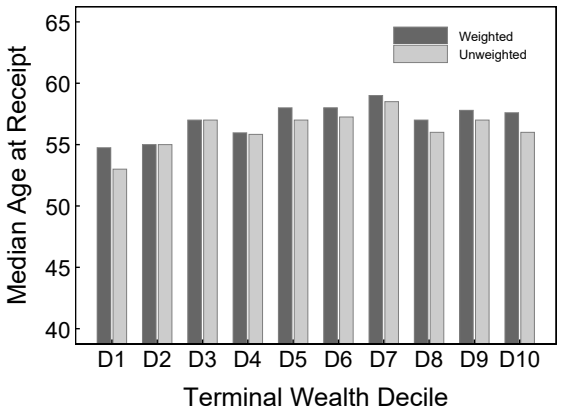
(b) Intensive margin

Figure 9: Transfer receipt by wealth decile, ages 70–74.

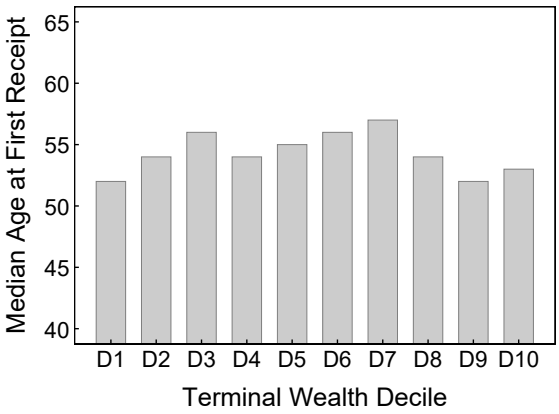
Notes: Panel (a): fraction receiving positive cumulative capitalized wealth transfers by terminal within-cohort wealth decile. Panel (b): mean (solid) and median (dashed) conditional amounts as percentage of lifetime resources, with 95% confidence bands. PSID 2001–2021.

Figure 10: Transfer timing by wealth decile, ages 60–64

(a) Median receipt age



(b) First receipt age



Notes: Panel (a): median age at wealth transfer receipt by terminal within-cohort wealth decile. Weighted median weights each event by its real transfer amount. Unweighted median treats all events equally. Panel (b): median age at first transfer receipt by terminal within-cohort wealth decile. Sample: PSID 2001–2021, individuals aged 60–64.

C Total Inflows denominator

Black et al. (2025) measure the importance of gifts and inheritances relative to Total Inflows (TI_i): the capitalized sum of net labor income, government transfers, and gifts and inheritances. I follow the same approach but exclude government transfers because the PSID records them only from 1999, too late to construct a working-life average. Total Inflows are therefore lifetime resources plus cumulative capitalized wealth transfers received before age 65:

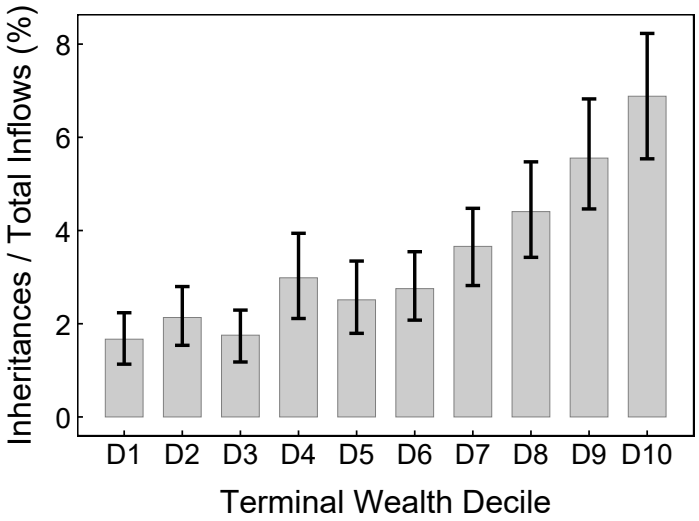
$$TI_i = LR_i + T^{\text{cum}}_{i,t^*}, \tag{5}$$

where LR_i is lifetime resources (equation 1) and T^{cum}_{i,t^*} is cumulative capitalized inheritance received before age 65. The GI ratio is $T^{\text{cum}}_{i,t^*}/TI_i$.

The TI_i denominator is mechanically larger than LR_i for any recipient, because it includes the inheritance itself. The GI ratio under Total Inflows is therefore lower in levels than the LR_i-based ratio. The question is whether the gradient across wealth groups survives this denominator change.

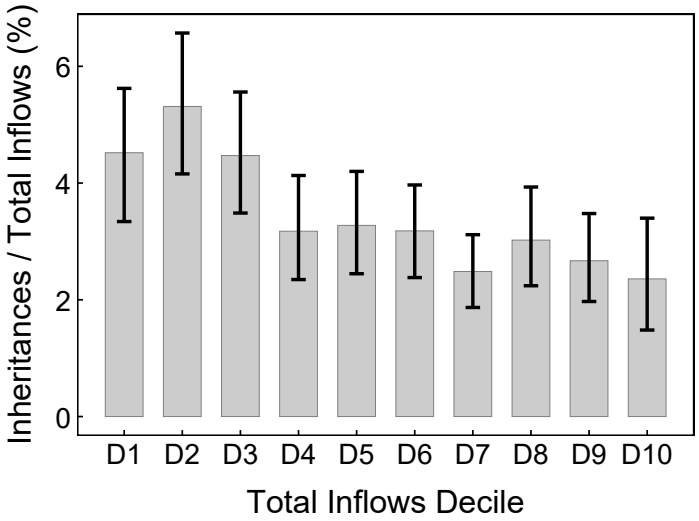
It does. Figure 11 shows the mean GI ratio by terminal wealth decile. The positive gradient mirrors the main-text finding. Figure 12 ranks individuals by Total Inflows decile instead of wealth decile, following Black et al. (2025). The pattern is qualitatively identical. Table 3 reports both ratios side by side and confirms that the gradient is present under both denominators.

Figure 11: GI ratio by terminal wealth decile



Notes: Mean ratio of cumulative capitalized inheritance to Total Inflows by terminal within-cohort wealth decile. Error bars: 95% bootstrapped confidence intervals. Ages 60–64. PSID 2001–2021.

Figure 12: GI ratio by Total Inflows decile



Notes: Mean ratio of cumulative capitalized inheritance to Total Inflows by Total Inflows decile. Total Inflows deciles computed within the baseline sample. Error bars: 95% bootstrapped confidence intervals. Ages 60–64. PSID 2001–2021.

Table 3: Inheritances as a share of lifetime resources vs. total inflows, by terminal wealth decile.

Wealth decile	*N*	LR ratio (%)	TI ratio (%)	Diff (pp)
1-10	200	1.9	1.7	0.2
11-20	268	2.6	2.1	0.5
21-30	260	2.1	1.8	0.4
31-40	262	4.1	3.0	1.1
41-50	267	3.4	2.5	0.8
51-60	275	3.3	2.8	0.6
61-70	271	4.7	3.7	1.1
71-80	285	6.0	4.4	1.6
81-90	253	7.6	5.6	2.1
91-100	286	10.0	6.9	3.1
Overall			3.5	

Notes: LR ratio: cumulative capitalized inheritance as a share of lifetime resources (35-year capitalized labor income; main paper denominator). TI ratio: cumulative capitalized inheritance as a share of Total Inflows (capitalized labor income + capitalized government transfers + inheritance; Black et al. (2025) denominator). PSID government transfers are less comprehensively measured than Norwegian administrative registers; TI ratio should be interpreted as an upper bound. Baseline age bracket (60-64). Transfer definition: Type 1. PSID 2001–2021.

D Anticipation test

The partial-equilibrium counterfactual in Section 4.2 assumes that heirs do not adjust saving in response to anticipated wealth transfers. If anticipation were strong, children expecting a large inheritance would save less, arriving at a lower pre-transfer wealth rank than their family background would predict. If instead family background operates through type dependence (shared saving habits, financial literacy, risk tolerance), children of wealthier parents would hold higher pre-transfer ranks regardless of expected inheritances.

I test this by regressing each recipient's pre-transfer within-cohort wealth rank on parental wealth rank (Table 4). The pre-transfer rank is measured one wave before first wealth transfer receipt. Parental wealth rank is the maximum of the father's and mother's median within-cohort rank. Controls include own log labor income, race, and birth cohort. The sample consists of 229 wealth transfer recipients at ages 60–64 with valid pre-transfer and parental wealth observations.

The parental wealth coefficient is 31.1 (s.e. 7.5) without controls and 30.0 (s.e. 7.9) with full controls. A positive coefficient means that children of wealthier parents hold higher pre-transfer wealth ranks. This is consistent with type dependence: family advantages raise children's wealth positions before any wealth transfer arrives. A negative coefficient would indicate that anticipated wealth transfers crowd out own saving. The positive sign provides no support for an anticipation channel strong enough to bias the counterfactual.

Table 4: Anticipation test: pre-transfer wealth rank and parental wealth

	(1)	(2)	(3)
Parental wealth rank	31.1	30.7	30.0
	(7.5)	(7.6)	(7.9)
Log labor income		Yes	Yes
Race, cohort			Yes
R^2	0.07	0.07	0.08
N	229	229	229

Notes: OLS regression of pre-transfer within-cohort wealth rank (measured one wave before first transfer receipt) on parental wealth rank (max of father/mother median within-cohort rank). Sample: PSID transfer recipients aged 60–64 with valid pre-transfer wealth and parental wealth observations. A negative coefficient would indicate that children of wealthier parents accumulate less pre-transfer wealth (anticipation effect); a positive coefficient indicates type dependence dominates. Standard errors in parentheses. PSID 2001–2021.