BORN AT THE RIGHT TIME? WEALTH, INHERITANCE, AND GENERATIONAL GAPS IN ITALY*

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KEY MESSAGES

- The share of net wealth held by older households almost doubled, reaching 32 per cent between 1991 and 2022. This increase is driven mainly by cohort effects rather than by population ageing alone.
- The generations born during the 1940s and 1950s accumulated substantially more wealth over their life cycle than subsequent cohorts, benefiting from more favorable macroeconomic conditions and larger capital gains.
- Rising life expectancy and declining fertility imply that larger estates are potentially distributed among fewer heirs, increasing the importance of intergenerational transfers for younger generations.
- Our estimates suggest that inherited wealth accounts for a growing share of the wealth of younger cohorts and may partly offset their weaker accumulation capacity.
- The distributive effects of intergenerational transfers are heterogeneous: inheritances tend to reduce wealth gaps at the lower end of the distribution while reinforcing the advantage of households from more favorable family backgrounds.

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Abstract

We use the 1991–2022 waves of the Survey on Household Income and Wealth to analyze the evolution of household net wealth in Italy and the role of generational differences in wealth accumulation. We show that the growing concentration of wealth among older households is explained primarily by cohort effects: the generations born during the 1940s and 1950s accumulated substantially more wealth over their life cycle than subsequent cohorts. A decomposition of wealth growth indicates that these favorable accumulation paths were supported not only by higher saving but also by substantially larger capital gains. As these cohorts reach older ages, intergenerational transfers become increasingly important. Rising life expectancy and declining fertility imply that larger estates are distributed among fewer heirs, increasing the potential importance of inherited wealth for younger generations. Our estimates suggest that these transfers may partly offset the weaker accumulation capacity of younger cohorts, but their distributive effects are not neutral: while inheritances tend to reduce wealth gaps at the lower end of the distribution, they also reinforce the advantage of households from more favorable family backgrounds.

1 Introduction

Across advanced economies, demographic ageing has become one of the defining structural changes of recent decades, with important implications for household wealth accumulation and the intergenerational distribution of resources (Lee and Mason, 2011; Alvaredo et al., 2017). Italy provides a particularly relevant case because of its rapid population ageing, high homeownership rates and large stock of household wealth. Population ageing, driven by persistently low fertility and rising life expectancy, has been accompanied by substantial changes in household wealth accumulation and by the growing importance of intergenerational transfers. As these demographic trends alter both the timing and the distribution of wealth across generations, understanding their interaction with household wealth dynamics is essential for assessing how economic resources are redistributed within and across generations.

The literature has documented the existence of intergenerational differences in income and wealth dynamics in Italy. Analyses of wage profiles show that generations entering the labor market in the 1970s and 1980s benefited from more favorable entry conditions than subsequent cohorts, which experienced lower initial wages and a widening wage gap with older workers (Rosolia and Torrini, 2007, 2016). Moreover, studies on the distribution of wealth show that wealth accumulation by Italian households was supported by the strong economic growth of the post-war period and by the favorable dynamics of house prices between the 1970s and the 1990s (Brandolini et al., 2004, 2010; Brandolini and D'Alessio, 2012; Cannari and D'Alessio, 2006). Overall, this evidence suggests that the generations born between the 1940s and 1950s benefited from a more favorable macroeconomic environment than later generations.

These differences in wealth accumulation may extend beyond the generations that originally experienced them. As the cohorts that benefited from more favorable economic conditions reach older ages, the wealth they accumulated is likely to be increasingly transmitted through inheritances, making intergenerational transfers an increasingly important channel through which past differences in wealth accumulation continue to shape the distribution of wealth (Piketty and Zucman, 2015; Alvaredo et al., 2017). Despite this evidence, relatively little is known about the extent to which demographic change, cohort differences in wealth accumulation, and intergenerational transfers jointly shape the evolution of household wealth and its distribution in Italy.

This paper jointly analyses demographic change, cohort-specific wealth accumulation and intergenerational transfers within a unified empirical framework. In this paper we use the 1991–2022 waves of the Survey on Household Income and Wealth (SHIW) to analyze the evolution of Italian net household wealth, i.e. the sum of real and financial assets net of financial liabilities. The analysis focuses on the households whose head is between 30 and 80 years old and examines the role of changes in the age structure of the population, differences in wealth accumulation profiles across cohorts over the life cycle, and the potential contribution of intergenerational transfers to

the distribution of wealth.[1] Wealth accumulation profiles are estimated using an Age–Period–Cohort (APC) model, which allows to distinguish three components: the age effect reflects the evolution of wealth over the individual life cycle; the period effect captures the impact of macroeconomic and institutional shocks common to all generations; and the cohort effect reflects the specific economic and historical conditions faced by different generations over their lifetimes. To assess the role of intergenerational transfers, the paper also reconstructs the number of surviving children for each household and combines SHIW data with information from the Italian National Institute of Statistics on the average age of the mother at childbirth and United Nations data on life expectancy, in order to estimate the average age at the potential receipt of inheritance and the wealth that could potentially be transferred across generations.

The results show that the increase in the share of wealth held by older households and the dynamics of aggregate average wealth are explained mostly by cohort effects rather than solely by changes in the age structure. Generations born between the 1940s and 1950s appear to have benefited from particularly favorable conditions for wealth accumulation, whereas younger cohorts display lower initial wealth levels, less pronounced growth profiles, and greater reliance on debt. The decomposition of wealth growth further shows that the favorable accumulation paths of the post-war cohorts were supported not only by higher saving but also by substantially larger capital gains, whereas wealth accumulation among younger cohorts relies predominantly on savings. In this context, intergenerational transfers become increasingly relevant. The increase in life expectancy and the decline in the average number of children imply that larger estates are potentially distributed among fewer heirs. These dynamics have non-negligible effects on wealth inequality among younger generations: inheritance tends to increase the gap between the wealthiest households and in particular those in the middle of the distribution. The simulations proposed in the paper suggest that, in the absence of a recovery in the accumulation profiles of younger cohorts, future growth in average wealth could remain moderate and become increasingly dependent on transfers from the generations born in the post-war period.

The remainder of the paper is organized as follows. Section 2 describes the demographic changes that have characterized Italy over the last decades and their relationship with the distribution of household wealth. Section 3 investigates generational differences in wealth accumulation over the life cycle and explores the contribution of savings and capital gains to these differences. Section 4 assesses the potential importance of intergenerational transfers and discusses their implications for future wealth accumulation and inequality. Finally, Section 5 concludes and discusses the main findings for the evolution of household wealth and inequality in Italy.

[1] In the period under analysis, the wealth of Italian households is highly concentrated in real assets (about 92 per cent of the total), while financial assets and liabilities account for about 12 and 4 per cent, respectively. In particular, older cohorts hold most of their wealth in real estate and, to a lesser extent, in relatively liquid financial instruments, which together constitute the main component of wealth that can potentially be transmitted through inheritance (Giordano et al., 2026).

2 Demographic dynamics and wealth in Italy

2.1 Demographic trends

According to data from the Italian National Institute of Statistics (ISTAT) there has been a progressive shift in the age distribution of the Italian population toward older age groups. This change is reflected in the increase in the structural dependency ratio – which measures the ratio between the population aged under 14 and over 65 and the working-age population – which rose by more than ten percentage points from 47 per cent in 1991 (Figure 1a). The increase is entirely attributable to the growth in the share of the older population, while the relative weight of those under 14 has slightly declined, in line with the gradual and persistent fall in cohort fertility, measured as the average number of children born to a woman over her reproductive life (Figure 1b). In particular, the average number of children per woman fell from values close to the replacement level (2.1 children) for women born in the first half of the twentieth century to around 1.5 children for cohorts born in the 1970s.[2]

Along with the decline in the average number of children, there has also been a pronounced postponement of motherhood. The average age of the mother at childbirth reached values close to 30 years for women born in 1975, about five years higher than for cohorts born between 1945 and 1955 (Figure 1c). This increase reflects broader transformations in the timing of the transition to adulthood and in family behavior, associated both with the growing participation of women in the labor market and with the spread of unstable forms of employment among young people (see, for example, Billari and Rosina, 2004; Billari and Kohler, 2004; Barbieri and Scherer, 2009; Modena et al., 2014; Alderotti et al., 2025). In particular, longer educational careers, delayed entry into stable employment, and difficulties in achieving independent economic and housing conditions tend to postpone fertility decisions. The postponement of motherhood also reduces the time horizon available for any subsequent births, indirectly contributing to the decline in overall fertility (Caltabiano et al., 2009).

Finally, the progressive shift of the population toward older ages is also driven by the steady increase in life expectancy at birth, which rose from about 65 years for cohorts born in 1950 to about 83 years for the most recent cohorts (Figure 1d), reflecting one of the main demographic forces underlying population ageing in advanced economies (Lee and Mason, 2011).

2.2 The relationship between wealth and the population age structure

The phenomena described in Section 2.1 are reflected in a recomposition of the distribution of households by age group of the household head. According to data from the Survey on Household Income and Wealth (SHIW), between 1991 and 2022 the share of households with a head aged

[2]The figure shows only the cohorts for which fertility has been fully observed.

over 65 increased by about 5 percentage points, reaching 28 per cent in 2022. Over the same period, the share of households with a head under 35 declined sharply (to 6 per cent from 16; Figure 2a).[3]

The same shift is even clearer when looking at the distribution of total net wealth held by different age groups. In particular, the share of wealth held by households with an older head almost doubled, reaching 32 per cent in 2022, while that of younger households fell significantly, from 13 to 4 per cent (Figure 2b). This dynamic also reflects heterogeneous trends in average wealth by age group. Older households were relatively less affected by the decline in house prices observed around 2016; by contrast, the wealth of younger households fell significantly, especially in the period following the 2007 financial crisis (Figure 2c).[4]

A decomposition exercise of the change in the share of wealth held by each age group into two components – the change in the share of households and the change in relative average wealth – shows that, for younger households, the decline in the wealth share is mainly due to the significant reduction in their demographic weight. By contrast, for older households, the increase in the share held is explained above all by the better performance of their average wealth relative to the overall average (Figure 2d)[5].

Population ageing does not appear to be the main driver of the growth in aggregate average net wealth either (22 per cent between 1991 and 2022). A *shift-and-share* decomposition exercise shows that the contribution of changes in population shares by age group is negligible compared

[3]In addition to the decline in the younger population, this trend also reflects the lower frequency with which individuals under 35 can assume the role of main income earner, as a result of increasing difficulties in forming an independent household: according to Istat data, in 2022, 67 per cent of young people aged between 18 and 34 lived with at least one parent (60 per cent in 2001, the first year for which this information is available).

[4]Sample estimates of wealth may be subject to biases due to the respondents' reticence or difficulties in evaluating the assets, which in the context of this analysis could affect the results if they were systematically correlated with age group. However, the comparison with estimates adjusted using the Distributional Wealth Accounts methodology (Bank of Italy, DWA) shows substantial alignment for younger households, while a slight underestimation of wealth emerges for older individuals. These biases do not appear to undermine the results, since both the share of wealth held by older households and their average wealth could at most be slightly higher.

[5]The logarithmic change in the wealth share of age group i can be written as $\Delta \ln s_i = \Delta \ln p_i + \Delta \ln \bar{w}_i^{\text{rel}}$, where $p_i = n_i/N$ denotes the share of households belonging to age group i, and $\bar{w}_i^{\text{rel}} = \frac{\bar{w}_i}{\bar{W}}$ is the average wealth of the group relative to the aggregate average. This relationship follows directly from the identity

$$s_i = \frac{n_i \bar{w}_i}{N \bar{W}} = \frac{n_i}{N} \cdot \frac{\bar{w}_i}{\bar{W}} = p_i \, \bar{w}_i^{\text{rel}},$$

after taking logarithms and first differences between 1991 and 2022.

with that arising from changes in average wealth within each group. [6] [7]

3 Wealth across generations

So far results have shown that the growing weight of current older individuals in the wealth distribution is mainly linked to the economic conditions that their generations experienced over the life cycle. To investigate these structural differences further, this section adopts a cohort analysis, examining the wealth accumulation profiles of different generations.

3.1 Wealth accumulation over the life cycle by cohort

Figure 3 shows the evolution of total average net wealth (panel a) over the life cycle for eleven birth cohorts. The cohorts are defined on the basis of the year of birth of the household's main income earner and are constructed using five-year intervals; the first and last cohorts include a larger number of years to ensure an adequate sample size. The estimates are obtained by regressing the logarithm of average net wealth in the cell defined by median cohort age, cohort of the household head, and survey year on a set of age, cohort, and survey year dummies. Following the approach of Deaton and Paxson (1994), fixed effects for the survey year are constrained to have zero mean and to be orthogonal to a linear trend.[8] Once the series is cleaned of short-term cyclical effects common to all cohorts, any long-term trends in the data can be interpreted as the result of age

[6] The *shift-and-share* analysis decomposes the change in an aggregate variable into the components due to (i) the recomposition of shares across groups (*share*) and (ii) the change in levels within groups (*shift*). Denoting by $Y_t = \sum_{i=1}^{I} p_{i,t}\, y_{i,t}$ aggregate average wealth at time t, where $p_{i,t}$ is the population share of each age group i and $y_{i,t}$ the corresponding mean value, the change between t and $t+1$ can be written as

$$\Delta Y \equiv Y_{t+1} - Y_t \approx \underbrace{\sum_i (p_{i,t+1} - p_{i,t})\, y_{i,t}}_{\text{share effect (recomposition)}} + \underbrace{\sum_i p_{i,t}\, (y_{i,t+1} - y_{i,t})}_{\text{shift effect (within-group changes)}} .$$

[7] The results of the two decomposition exercises are substantially unchanged when considering equivalized wealth (adjusted according to the OECD scale) to account for differences in household composition.

[8] The constraints are needed to overcome the non-identification problem of the Age–Period–Cohort (APC) model due to the perfect collinearity of the relationship $Period = Age + Cohort$. To check the robustness of the estimates obtained under the assumptions on period fixed effects, the analysis is repeated by imposing the same constraints (zero mean and orthogonality to a linear trend) alternatively on cohort or age fixed effects. As a further check, the APC model is also estimated using cubic splines for age, period, and cohort, in order to capture nonlinear patterns. We show that the alternative methodologies yield qualitatively similar results: the ranking of generations by wealth levels remains unchanged and the profiles over the life cycle retain the typical hump-shaped pattern, with accumulation up to middle age and then the subsequent decumulation. The same features are also found in the main specification of the APC model with constraints on period fixed effects when the dependent variable is equivalized wealth, obtained by dividing household wealth by the OECD scale to account for differences in household composition. These results are availbale upon requests.

or cohort effects.[9]

The estimates reported in panel (a) of Figure 3 show overall hump-shaped net wealth profiles over the life cycle, characterized by a pronounced accumulation phase up to around age 65, followed by gradual decumulation at older ages. Up to the cohorts born in the 1950s, a clear generational improvement emerges: the wealth of each cohort is progressively higher than the one of the previous one. However, starting with cohorts born after the mid-1950s, we observe a reversal, with lower wealth levels and less pronounced growth profiles. In particular, the highest values over almost the entire life cycle are those for the cohorts 1941–1945 and 1946–1950, while younger cohorts display lower initial levels and the trajectories are still in an ascending phase. Those differences across cohorts, both in levels and in the slopes of the profiles, reflect the heterogeneity that is attributable not only to generation-specific preferences and behavior, but also to different exposure to macroeconomic conditions at key moments in the life cycle, such as the timing of entry into the labor market, phases of expansion or contraction in real estate and financial markets, and credit-access conditions, whose effects may be persistent (see, for example, Rosolia and Torrini, 2007, 2016; Brandolini and D'Alessio, 2012).

Panel (b) of Figure 3 shows that gross real wealth drives the pattern observed for total net wealth, reflecting the importance of real estate assets in the portfolio of Italian households. As before, cohorts born up to the 1950s display higher levels and faster progressions, while younger cohorts show later and less intense accumulation, consistent with the postponement of home purchase and less favorable housing-market conditions (Brandolini and D'Alessio, 2012; Brandolini et al., 2010). It is plausible that the accumulation of gross real wealth observed for younger generations is made possible by greater reliance on debt, as shown in panel (d).

The accumulation of financial wealth, shown in panel (c), is slower than that observed for real wealth. Again, generations born up to the mid-1950s display higher levels and stronger growth. Starting with cohorts born after 1955, however, a deterioration is observed: the initial levels are lower and accumulation dynamics are less pronounced. Differences across cohorts are also more marked than those observed for real wealth, suggesting that the financial component is more strongly influenced by household saving and investment decisions and by the economic context in which these decisions are made.

Overall, the results indicate that younger generations not only accumulate lower levels of wealth, but do so while facing relatively higher and more persistent levels of debt. This combination may have important implications both for future accumulation capacity and for households' financial vulnerability, making the wealth paths of more recent cohorts more exposed to economic shocks and to conditions in credit and asset markets (Bottazzi et al., 2006; Mian et al., 2013; Brandolini and D'Alessio, 2012).

Figure 4 shows the importance of age and cohort effects in estimating average wealth: once

[9]The predicted value from the regression (transformed from logarithms into levels), net of the survey-year effect, is smoothed using a second-degree polynomial of the median age for each cohort.

cyclical effects are removed, the estimated model reproduces consistently the observed pattern of average net wealth. The red dashed line, constructed by keeping the 1991 age structure constant, isolates the composition effect alone; its deviation from the predicted series is contained, as it is close to zero until 2010 and limited thereafter as well, with a difference of about 7 per cent in 2022. The green and blue dashed lines, obtained by assuming that the cohort effect remained constant and equal to that of respectively the 1941–1945 and 1946–1950 cohorts, outline a different scenario: in both cases, counterfactual wealth is persistently above the predicted series. The gap is around 25 per cent in the early years of the analysis and remains large, about 15 per cent in the last available year. This exercise confirms that the evolution of average wealth and the increase in the share of wealth held by older households depend mainly on the cohort effect, that is, on the greater accumulation capacity of today's older generations, while age composition alone contributes to a lesser extent.

The generational differences documented so far naturally raise the question of their implications for the future evolution of average wealth. To address this point, we consider counterfactual scenarios that assign different levels of cohort effects to subsequent cohorts. In Figure 5 we show the evolution of the age distribution of the household head over the simulation horizon by using Istat population projections by age group.[10] We consider three scenarios: (i) we assign the average effect estimated for the 1975–1992 generation to the cohorts born after 1992; (ii) we assign to all generations the cohort effect estimated for those born in 1941–1945; (iii) we assign to all generations the cohort effect estimated for those born in 1946–1950. The last two assumptions reflect historically more favorable profiles. The distance between the trajectories projected for 2024–2050 is marked: when profiles similar to those of the most wealthiest post-war cohorts are assumed, average wealth is persistently higher; when the profiles of cohorts born after 1975 are maintained, the dynamics appear substantially more subdued. This highlights the crucial role of the cohort effect: in the absence of a recovery in generational profiles, average wealth growth could remain moderate.

3.2 Sources of wealth accumulation across cohorts

The cohort differences documented in the Section 3.1 are likely to reflect the heterogeneous economic conditions faced by successive generations over the life cycle, including differences in labor market conditions at entry, earnings growth over the working life, access to homeownership and credit markets, and asset price dynamics (Rosolia and Torrini, 2007; Brandolini et al., 2004, 2010; Brandolini and D'Alessio, 2012; Cannari and D'Alessio, 2006). While the APC framework identifies the existence of persistent cohort differences after removing short-run cyclical fluctuations,

[10]Population shares by age group are mapped into the household universe by multiplying them, for each age group, by the share of individuals who are household heads estimated from SHIW data; this yields the projected distribution of households by the age of the household head used in the simulations.

it does not provide information on the mechanisms through which wealth is accumulated, i.e. whether through different saving behavior or asset-price dynamics.

To better understand the sources of the cohort differences documented above, we employ an accounting framework and decompose wealth accumulation into savings and capital gains. For each cohort c and survey year t, average net wealth is assumed to satisfy the following identity:

$$\bar{W}_{t,c} = \bar{W}_{t-1,c} + \hat{S}_{t,c} + \widehat{CG}_{t,c}, \tag{1}$$

where $\bar{W}_{t,c}$ denotes average net wealth, $\widehat{CG}_{t,c}$ the estimated capital gains component and $\hat{S}_{t,c}$ the estimated savings component. Since capital gains are not directly observed in the SHIW, they are imputed by applying asset-specific aggregate rates of return to the average portfolio composition of each cohort-year cell. Savings are then obtained as the residual required to satisfy the wealth accumulation identity. Appendix B describes in detail the construction of aggregate returns and their matching with survey wealth stocks.

Figure 6 reports the resulting decomposition for the eleven birth cohorts and three broad age intervals ($\leq$ 45, 46–65, and 65–80 years), corresponding to the main phases of the wealth accumulation process. The grey bar represents wealth at the beginning of each age interval, while the black and blue bars report the cumulative contribution of savings and capital gains accrued within the interval. Two main findings emerge. First, the cohorts born between the early 1940s and 1955 benefited substantially from asset revaluations during their main accumulation phase. Considering the absolute contributions of savings and capital gains to wealth accumulation, capital gains account for almost all accumulation flows between ages 46 and 65 for the cohort born in 1941–45 (98 per cent), around two-thirds for the 1946–50 cohort, and almost 60 per cent for the 1951–55 cohort. Second, the role of capital gains declines sharply for cohorts born after the mid-1950s. For the cohorts born in 1956–60, 1961–65 and 1966–70, capital gains account for less than 10 per cent of absolute accumulation flow between ages 46 and 65. Wealth accumulation among these generations is therefore driven almost mainly by savings. At the same time, the average amount of wealth accumulated over the life cycle is considerably smaller than that observed for the cohorts born in the 1940s and early 1950s. The decomposition therefore suggests that the favorable wealth trajectories of the post-war generations were closely linked to the appreciation of a relatively large stock of assets accumulated earlier in life, whereas more recent cohorts have accumulated lower levels of wealth primarily through saving and under considerably less favorable asset-price conditions.

These findings complement the APC results. Unlike the APC estimates, which remove period-specific shocks common to all cohorts, the accounting decomposition incorporates the realized effects of asset-price fluctuations. Therefore, the decomposition should not be interpreted as an explanation of cohort effects, but rather as an exercise describing the contribution of different accumulation channels. Nevertheless, the substantially larger role of capital gains among the post-war cohorts suggests that favorable asset revaluations may have contributed to the emergence of

the persistent generational differences in wealth accumulation documented by the APC analysis.[11]

Finally, it should be noted that the savings component captures all increases in wealth that are not attributed to capital gains. As such, it may also include wealth received through gifts and inheritances. This observation is particularly relevant in light of the marked cohort differences documented above and is consistent with the increasing role of intergenerational transfers in shaping wealth accumulation patterns. The next section explores this issue in greater detail.

4 Intergenerational transfers: from the wealthiest cohorts to younger ones

Over the last two decades, inheritance transfers have played a growing role in the formation of individual wealth in advanced countries (Alvaredo et al., 2017; Acciari and Morelli, 2020). In Italy, this trend is particularly pronounced because of some structural features of the wealth system, including the widespread diffusion of homeownership[12]and limited intergenerational mobility.[13] These factors are compounded by demographic changes: the increase in life expectancy tends to prolong the accumulation phase and raise the wealth potentially transmissible, while the decline in fertility reduces the number of heirs, increasing the average amount of the bequest.

We first present preliminary evidence useful for illustrating how population ageing may affect the size and timing of transfers over the period considered. We then assess the potential weight of transfers from older generations to younger ones.

4.1 Population ageing and inheritance

For each cohort, we use the average age of mothers at childbirth, as reported by the Italian National Institute of Statistics. Assuming, for simplicity, that both parents are the same age, we identify the corresponding birth cohort of the children. Based on this matching, and using average life expectancy by age for the parents' cohorts, the average age at potential receipt of

[11]As a robustness check, the same exercise is repeated using SHIW-adjusted data, which are constructed among the Distributional Wealth Accounts (DWA) project for Italian households (Neri et al., 2024) and which reconcile SHIW wealth holdings with national accounts aggregates. Figure B.1 in Appendix B shows very similar qualitative patterns, indicating that the results are not driven by discrepancies between survey and macroeconomic wealth totals. Although wealth levels are higher in the SHIW-adjusted data, the relative importance of savings and capital gains across cohorts remains broadly unchanged.

[12]Given the large differences in property values across areas of the country, an extension of this work would be a territorial-level analysis to assess the extent to which the weight of wealth transfers varies across different housing-market conditions, in order to better understand the role of inheritances in the accumulation paths of younger generations and in their access to homeownership. This perspective is consistent with recent evidence documenting substantial territorial heterogeneity in Italian housing markets (Casolaro et al., 2026).

[13]Wealth accumulation paths may be influenced not only by the actual receipt of an inheritance, but also by the expectations of receiving one: recent evidence shows that households expecting to receive a future transfer tend to modify their consumption, saving, and portfolio choices, anticipating the impact of the bequest on their wealth (Loschiavo et al., 2026).

inheritance was then calculated for the children's cohorts. Table 1 shows that the average age of the mother at childbirth increased from about 25 years in 1991 to 27 years in 2022. In the analysis that follows, it is assumed that, for each cohort of parents, the corresponding cohort of children is the one born about 25 years later. Therefore, the parent cohorts are those born between 1911 and 1950, while the corresponding child cohorts are those born between 1951 and 1975 (excluding the youngest cohort, 1976–1992, which cannot be matched symmetrically).[14]

The increase in life expectancy (from 73 to 78 years between 1991 to 2002) was more pronounced than the rise in the average age at childbirth, leading to an increase in the average age of children at the potential receipt of inheritance, from about 48 years to over 51 years (Table 1). Moreover, the average number of children per cohort progressively declined (Figure 7), implying a smaller number of heirs receiving the potential inheritance. To assess the quantitative relevance of this channel, we conduct a simple counterfactual exercise in which potential inheritance per heir is computed as parental wealth at the end of the life cycle (ages 75–80) divided by the number of children. We hold parental wealth fixed and replace the observed number of children with that of the 1931–1940 cohorts, which exhibit the highest fertility levels in the sample. The exercise indicates that lower fertility has significantly raised the value of inheritances received by each child: for example, for the most advantaged cohorts, born between 1941 and 1950, the observed potential inheritance per heir is higher than the counterfactual value by about 12 percent.

These results suggest that demographic change affects intergenerational transfers not only by increasing the stock of wealth available for transmission through longer life cycles, but also by increasing the average amount inherited by each child through declining fertility.

4.2 Estimating Potential Intergenerational Transfers

This section analyzes the weight of potential wealth transfers from parents'cohorts to the corresponding children's cohorts.

To ensure adequate sample size, the matching between parents' and children's cohorts defined in the previous section was aggregated into three broader groups (Table 2): parents born between 1911 and 1930 are associated with children born between 1951 and 1955; parents born between 1931 and 1940 are associated with children born between 1956 and 1965; parents born between 1941 and 1950 are associated with children born between 1966 and 1975. Since wealth is measured at the household level, cohort membership is identified using the birth cohort of the household head. The use of the household head's cohort as the reference unit is supported by the low share of households containing members belonging simultaneously to both the parent and child cohorts considered in the matching exercise.[15]

[14]For example, children born in 1951–55 are matched with parents born in 1926–30; children born in 1956–60 with parents born in 1931–35; children born in 1961–65 with parents born in 1936–40; children born in 1966–70 with parents born in 1941–50.

[15]Because wealth is observed at the household level rather than for individuals, the matching could be affected

The estimate of the potential bequest from parents to children is obtained through the following steps:

1. for each parents' cohort, the estimated APC average wealth held between ages 75 and 80 is considered, as that is the last observed interval of the life cycle and is close to life expectancy at that age (about 80 years);

2. this estimate is divided by the total number of children of each cohort, in order to obtain the average value of the bequest potentially attributable to each child;

3. the amount thus calculated is then assigned to the corresponding child cohort when they are aged between 50 and 55, an age consistent with the age at which they would receive the bequest if parents transferred it between ages 75 and 80;

4. finally, the estimated bequest is added to the estimated APC average household wealth of the corresponding child cohort and the share of potential inheritance in wealth is calculated.[16]

To account for the fact that a sizeable share of households consists of a single individual (from 45 to 60 per cent in the children cohorts), for each cohort the estimated inheritance is computed as a weighted average of the inheritance potentially accruing to couples and single-person households, with weights given by the shares of each household type. For couple households, inheritances are assumed to originate from both the household head's and the partner's family of origin, while for single-person households only the individual's own family of origin is considered.

The weight of the estimated potential inheritance over wealth increases over time (Table 2, column 1), with a particularly marked increase for children born between 1966 and 1975, who would benefit from substantially higher transfers from parents' cohorts born between 1941 and 1950, as they were the most advantaged in terms of wealth accumulation (as shown in Section 3.1).

In terms of wealth composition, both transferred and recipient wealth are mainly concentrated in real assets across all cohort pairings, consistent with evidence that housing wealth is the dominant component of Italian household portfolios throughout the life cycle (Giordano et al., 2026). At the time of transfer, real assets account for about 85–93 per cent of parental wealth. Child cohorts also hold primarily real wealth at the time of receipt, with real assets accounting

if a household simultaneously contained members belonging to both the parent and the child cohorts considered in the analysis. This situation is relatively uncommon: across all survey waves, such multigenerational households account on average for about 1, 3 and 7 per cent of households in the three parent–child cohort pairings, respectively. Consequently, the household head's birth cohort provides a reasonable approximation for assigning households to the relevant generation.

[16]The share is calculated as the ratio between potentially inherited wealth and the sum of the household net wealth and the inheritance itself.

for about 90–95 per cent of net wealth. Thus, the rise in potential inheritances largely reflects a greater transmission of housing and other real assets accumulated by parent cohorts rather than shifts in portfolio structure.

4.3 Distributive Implications of Intergenerational Transfers

Educational Classification. To analyze the distributive effects of transfers, it would be necessary to have joint information on the wealth of children and their parents. Since the SHIW does not collect this type of information, we use as an indicator of the socio-economic position of the family of origin the educational attainment of the parents of both the household's head and their partner.[17] We define indicators identifying whether at least one parent in each family of origin attained lower secondary education or more; in parallel, the household head and the partner are classified as educated if they hold at least an upper secondary school diploma.[18]

Combining information on the educational attainment of the household head, the partner, the household head's parents, and the partner's parents yields sixteen possible educational configurations across the two generations and the two members of the younger generation's couple. To preserve information on single-person households, for this group we create additional categories based on the educational attainment of the household head and that of their parents (i.e. four more categories to be added to the previous sixteen).

For ease of exposition, we aggregate these detailed categories into three broad groups:

- *Not Educated Children – Not Educated Parents* (NEC–NEP): households in which neither the children's generation nor the parents' generation attains the relevant educational threshold;
- *Educated Children – Educated Parents* (EC–EP): households in which both generations attain the relevant educational threshold;
- *Educated Children – Not Educated Parents* (EC–NEP): households in which the children's generation attains the educational threshold while the parents' generation does not, thus capturing upward educational mobility.[19]

[17] Information on parental education for the household's head has been collected since 1993, while for their partner the information has not been collected from 2014 onward. When possible, we exploit the panel structure of the SHIW to recover the educational attainment of the partner's parents from past waves; otherwise we proceed to impute it by running separate logit models for each parental figure, where the dependent variable is an indicator for having completed at least lower secondary education. The imputation models include the age and the education of the household head and partner, occupational characteristics, geographical area of residence, municipality size and survey year fixed effects.

[18] Lower secondary education and the upper secondary diploma represent respectively for the parents' and children's generations the educational qualification above the median level.

[19] We exclude from the analysis the residual category of households with non-educated children and educated parents, as it represents only a negligible share of the sample.

Given the degree of arbitrariness involved in collapsing the twenty original categories into this broader classification, the remainder of the analysis is conducted under two alternative classification schemes. Under the *baseline scheme*, a generation is classified as educated if at least one member of the couple reaches the relevant educational threshold (upper secondary education for the children's generation and lower secondary education for the parents' generation). [20] Under a more *restrictive scheme*, both members of the couple must satisfy the relevant educational criterion for the generation to be classified as educated.[21]

Once this classification is defined, the procedure described above for estimating the potential bequest is applied separately to the two groups of parents's cohorts (educated and non-educated): the resulting transfer is then assigned to the average wealth of households in the children's cohorts according to the groups they belong to (NEC-NEP, EC-EP, EC-NEP). The results of this exercise, conducted both under the *baseline and the restrictive schemes* of education, are shown in columns (2)–(4) of Table 2.

Empirical Results. For the children cohort born between 1966 and 1975, the estimated share of potential inheritances in household wealth is higher than for earlier cohorts across all educational groups. The estimated share is particularly high for both the NEC–NEP and EC–EP groups, whereas it is more limited for the EC–NEP group. This ranking is preserved under both educational classification schemes and is consistent with evidence suggesting that inheritances tend to play an equalizing role at the lower end of the wealth distribution, while reinforcing the advantage of households from more favorable socio-economic backgrounds (Morelli et al., 2025).

To assess the distributive implications of intergenerational transfers, we compare the average wealth of the EC–EP group with that of the other two educational groups. Table 3 reports the corresponding wealth ratios under the two educational classification schemes, both before and after accounting for potential inheritances. Under the baseline classification (Panel A), the wealth gap between households with highly educated family backgrounds (EC–EP) and those with low-educated backgrounds (NEC–NEP) widens across successive cohorts, with the wealth ratio increasing from 2.3 for the oldest child cohort to 3.5 for the youngest. Once potential inheritances are taken into account, this gap narrows for all cohorts, with the reduction being particularly pronounced for the youngest generation. By contrast, when comparing EC–EP households with the upwardly mobile group (EC–NEP), accounting for potential inheritances increases the wealth ratio from 1.3–1.5 to about 1.7 across all cohorts.

Under the restrictive educational classification (Panel B), wealth differentials are generally

[20] This assumption implies that the NEC-NEP group consists of households where neither the children's generation nor the parents' have reached the relevant educational attainment.

[21] As expected, the educational classification is correlated with households' position in the wealth distribution. Under the *baseline classification*, about 40 per cent of households below the median belong to the NEC–NEP group, while around 66 per cent of households in the top decile belong to the EC–EP group. Under the more *restrictive classification*, the corresponding shares are 33 per cent and 66 per cent, respectively.

smaller and display less variation across cohorts. The wealth ratio between the EC–EP and NEC–NEP groups remains close to 2.3 in the absence of transfers and declines only slightly once potential inheritances are taken into account for the youngest cohort. Similarly, the wealth ratio between the EC–EP and EC–NEP groups increases only modestly, from about 1.0 to 1.3, after accounting for intergenerational transfers.

Interpretation. The main difference between the two classification schemes is that wealth gaps are systematically smaller under the restrictive scheme, particularly for the youngest cohort. This reflects the broader composition of the NEC–NEP group. Under the baseline scheme, this group includes only households in which neither the children's nor the parents' generation reaches the relevant educational threshold, identifying a relatively homogeneous group at the lower end of the socio-economic distribution. Under the restrictive scheme, instead, households are classified as NEC–NEP whenever at least one member of either generation fails to satisfy the educational criterion. As a result, the group becomes more heterogeneous and, on average, less disadvantaged, reducing the wealth gap relative to the EC–EP group. The two classification schemes can therefore be interpreted as providing upper and lower bounds for wealth differentials across educational backgrounds.

Despite these differences in magnitude, the qualitative results remain unchanged. Under both classification schemes, intergenerational transfers widen the wealth gap between households with highly educated family backgrounds (EC–EP) and the upwardly mobile group (EC–NEP), suggesting that inherited wealth reinforces the advantage associated with a more favorable family background even among households with similar educational attainment in the children's generation. By contrast, the wealth gap between EC–EP and the most disadvantaged group (NEC–NEP) remains broadly unchanged or narrows slightly once transfers are taken into account. This finding is consistent with evidence that inheritances tend to play an equalizing role at the lower end of the wealth distribution, while reinforcing existing advantages among households toward the top of the distribution (Morelli et al., 2025).

5 Conclusions

This paper has examined how demographic change, generational differences in wealth accumulation and intergenerational transfers can jointly shape the evolution of household wealth in Italy. Using the 1991–2022 waves of the Survey on Household Income and Wealth, we show that the growing concentration of wealth among older households is driven primarily by cohort effects rather than by population ageing itself, and that the generations born during the 1940s and 1950s experienced substantially more favorable wealth accumulation paths than subsequent cohorts.

These differences are likely to have long-lasting consequences. Counterfactual simulations suggest that, if younger generations continue to display weaker accumulation profiles, future

growth in household wealth will increasingly depend on the transmission of wealth accumulated by the post-war cohorts. At the same time, rising life expectancy and declining fertility imply that larger estates will be distributed among fewer heirs, further increasing the importance of intergenerational transfers.

Our findings indicate that inheritances may partly compensate for the weaker accumulation capacity of younger generations, but they are unlikely to eliminate the structural differences that have emerged across cohorts. More importantly, their distributive effects are heterogeneous. While transfers tend to reduce wealth gaps at the lower end of the distribution, they also reinforce the advantage of households from more favorable family backgrounds, even among individuals with similar educational attainment. As a result, future wealth inequality will increasingly depend not only on labour market opportunities, saving behaviour and asset returns, but also on the interaction between demographic change and the intergenerational transmission of wealth.

Overall, the results suggest that the future evolution of the wealth distribution in Italy will increasingly depend on the interaction between the accumulation profiles of younger generations and the dynamics of intergenerational transfers. Unless younger cohorts experience a recovery in their wealth accumulation capacity, the wealth transmitted by the post-war generations is likely to become an increasingly important component of household wealth dynamics, with non-negligible implications for wealth inequality.

The analysis presented here should be regarded as a first step in this direction. Future research could extend the framework by estimating a structural life-cycle model that jointly accounts for earnings, saving behaviour, asset-price revaluations and intergenerational transfers. Such a framework would make it possible to quantify the relative contribution of each channel to wealth accumulation and to evaluate how demographic change is likely to affect the distribution of wealth and economic opportunities across future generations.

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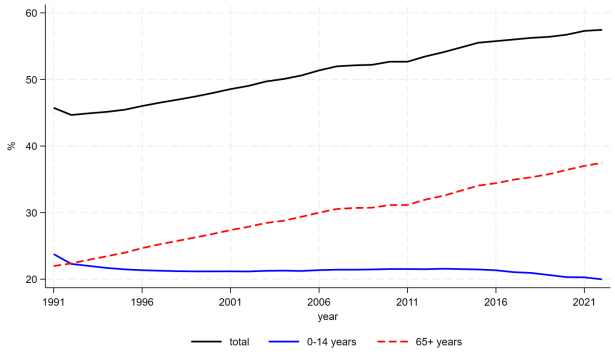
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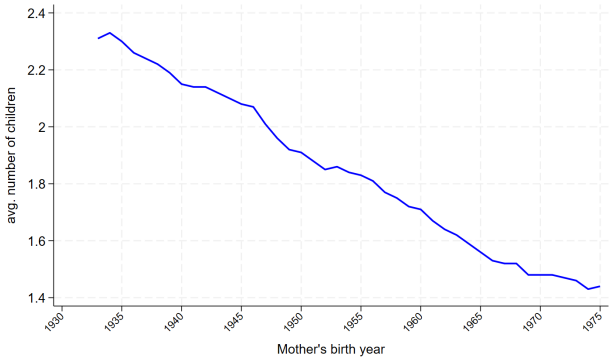
Figures and tables

Figure 1: Demographic trends

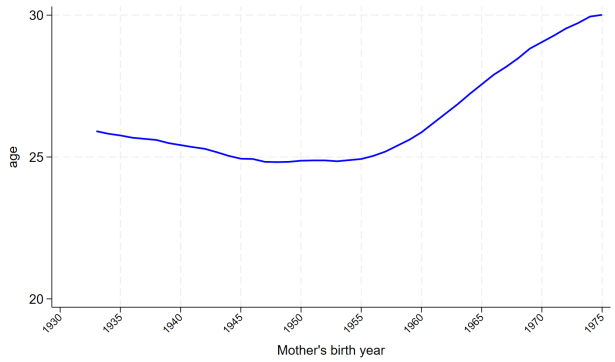
(a) Structural dependency ratios



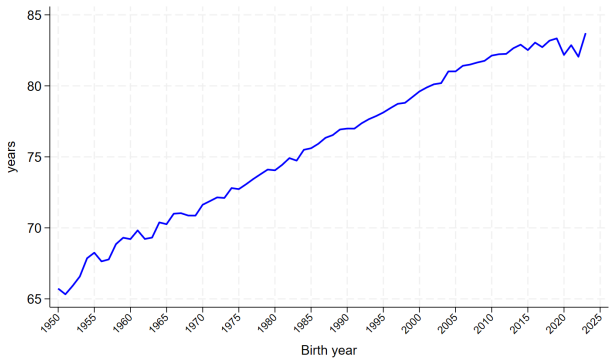
(b) Total fertility rate



(c) Average age of the mother at childbirth



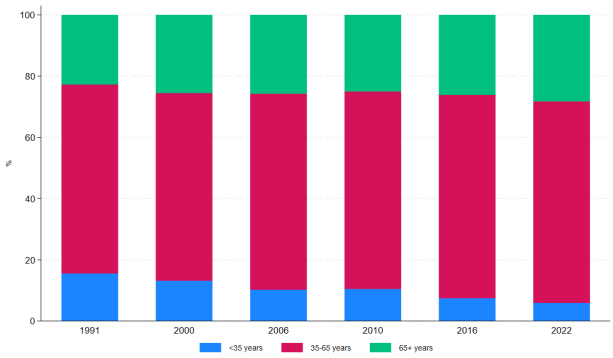
(d) Life expectancy at birth



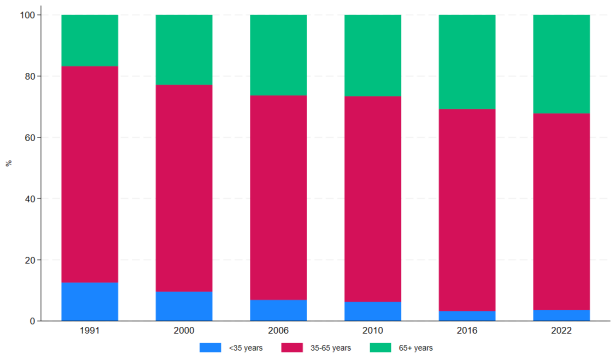
Source: Istat for panels a), b), and c); UN for panel d).
Note: The structural dependency ratio measures the ratio between the population aged under 14 and over 65 and the working-age population.

Figure 2: Population and net wealth shares by age group

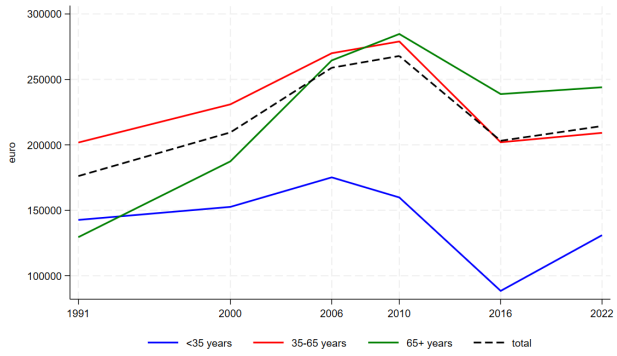
(a) Household shares



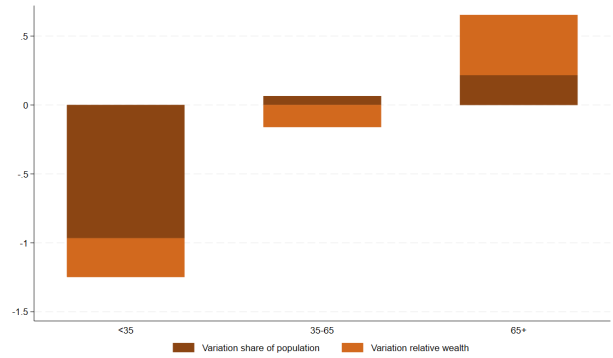
(b) Wealth shares



(c) Average net wealth

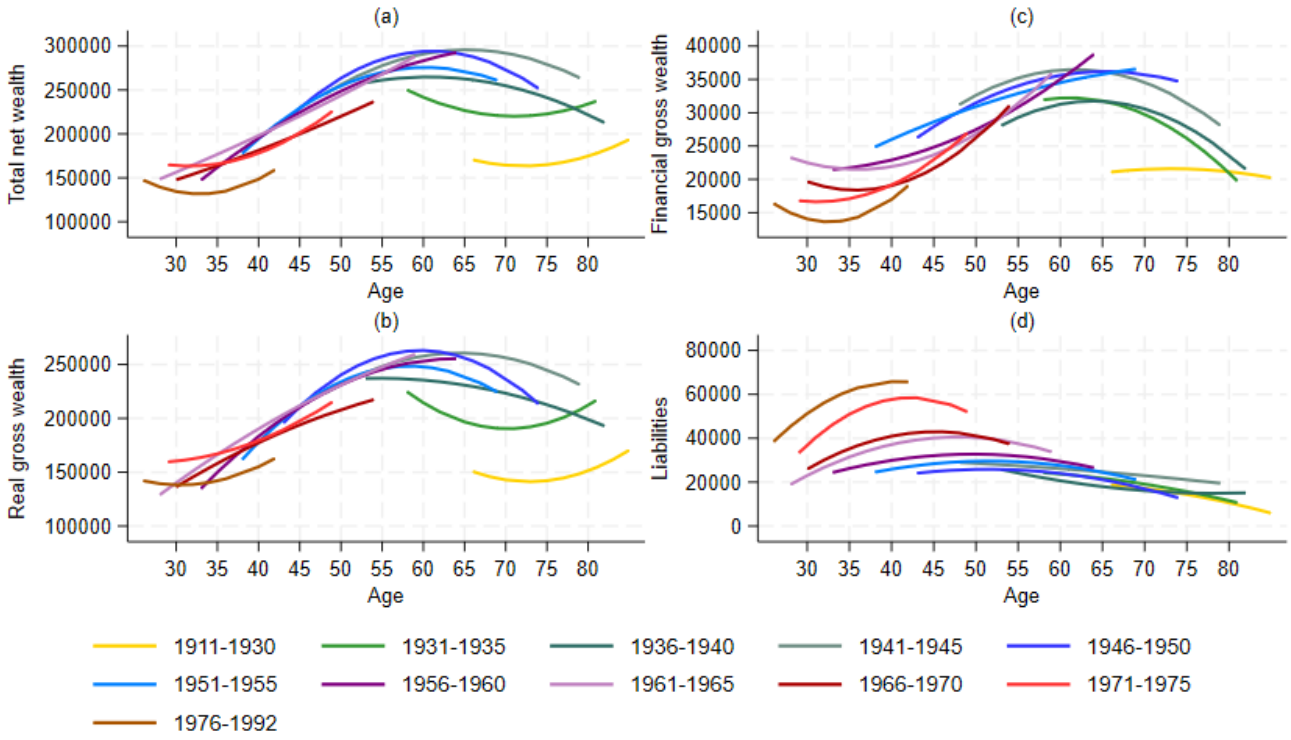


(d) Decomposition of change in wealth share



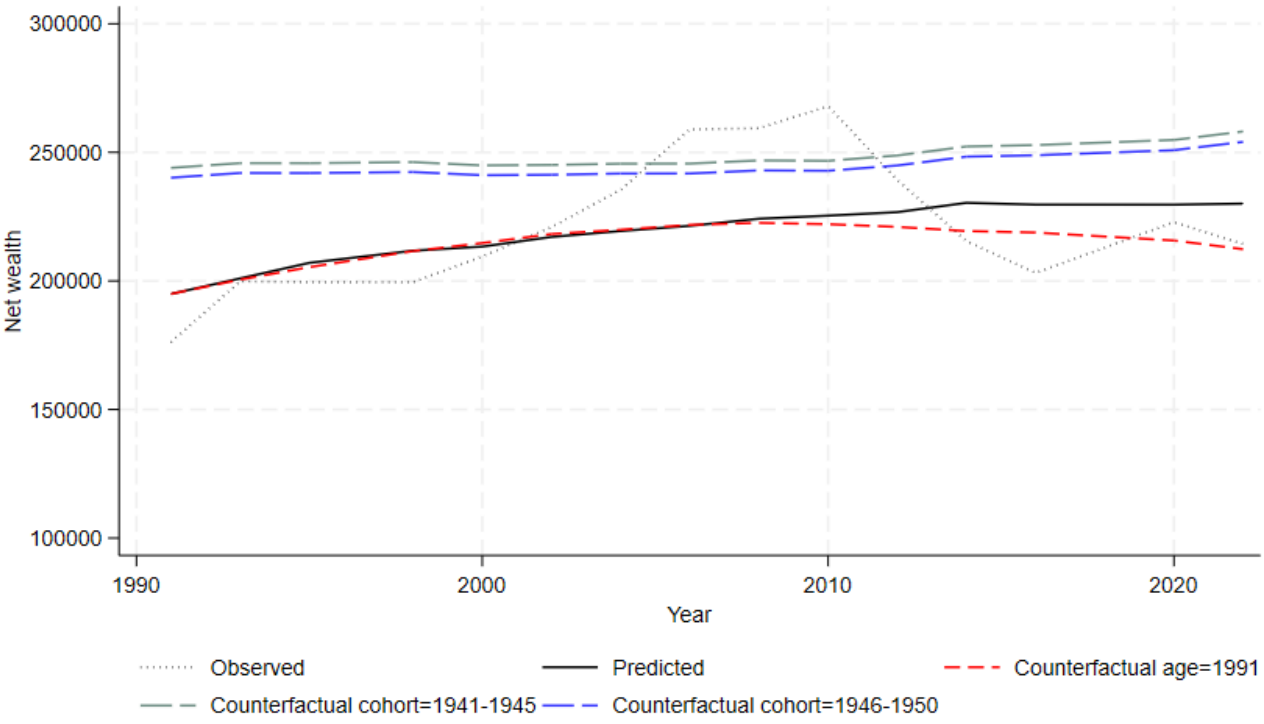
Source: Survey on Household Income and Wealth (1991-2022).
Note: The age group refers to that of the household head, defined as the main income earner. In panel c), values are expressed in euros at 2015 prices. Panel d) shows the decomposition of the logarithmic change in the wealth share of each age group between 1991 and 2022 into two components: the change in the group's demographic share and the change in its average wealth relative to the aggregate average.

Figure 3: Wealth over the life cycle



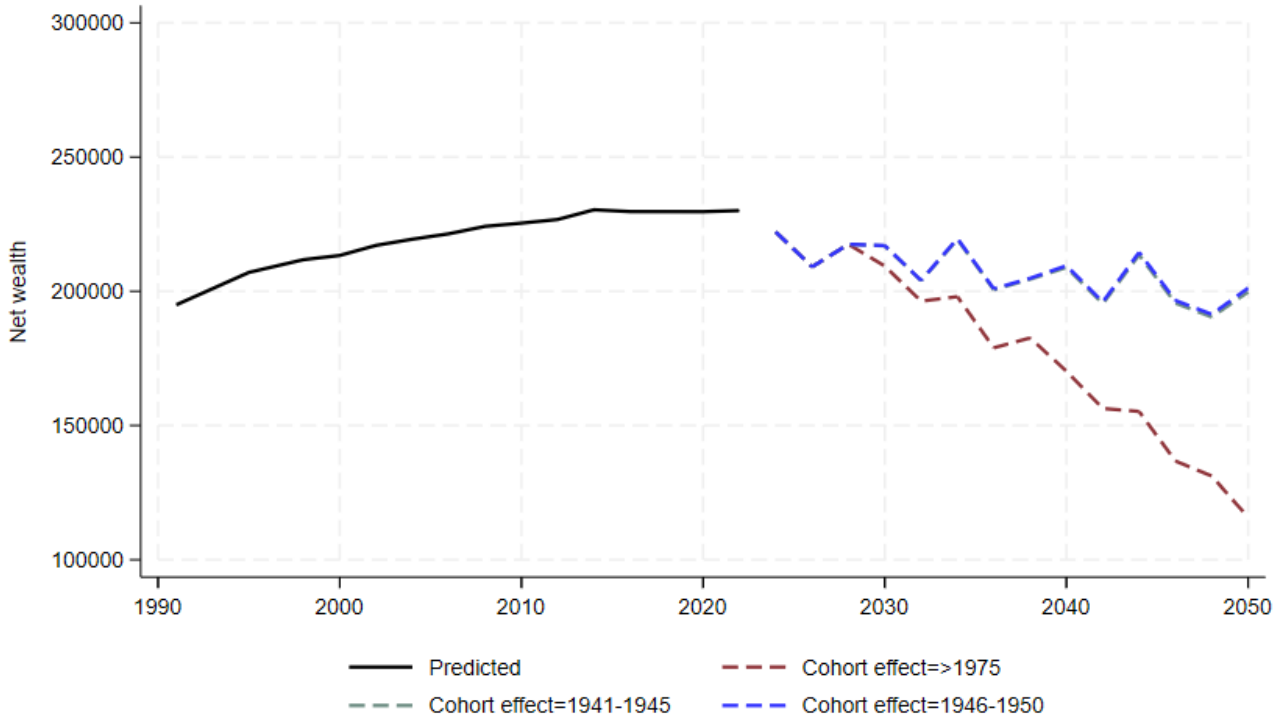
Source: SHIW. Notes: the figure shows total average net wealth (panel a), gross financial wealth (panel b), gross real wealth (panel c), and financial liabilities (panel d). The estimates are based on a regression of average household wealth (in logs) at the age–cohort–year cell level. Year fixed effects are constrained to have zero mean and to be orthogonal to a linear trend (Deaton and Paxson 1994). Predicted values are then smoothed using a second-degree polynomial in age.

Figure 4: Age and cohort effects on average wealth



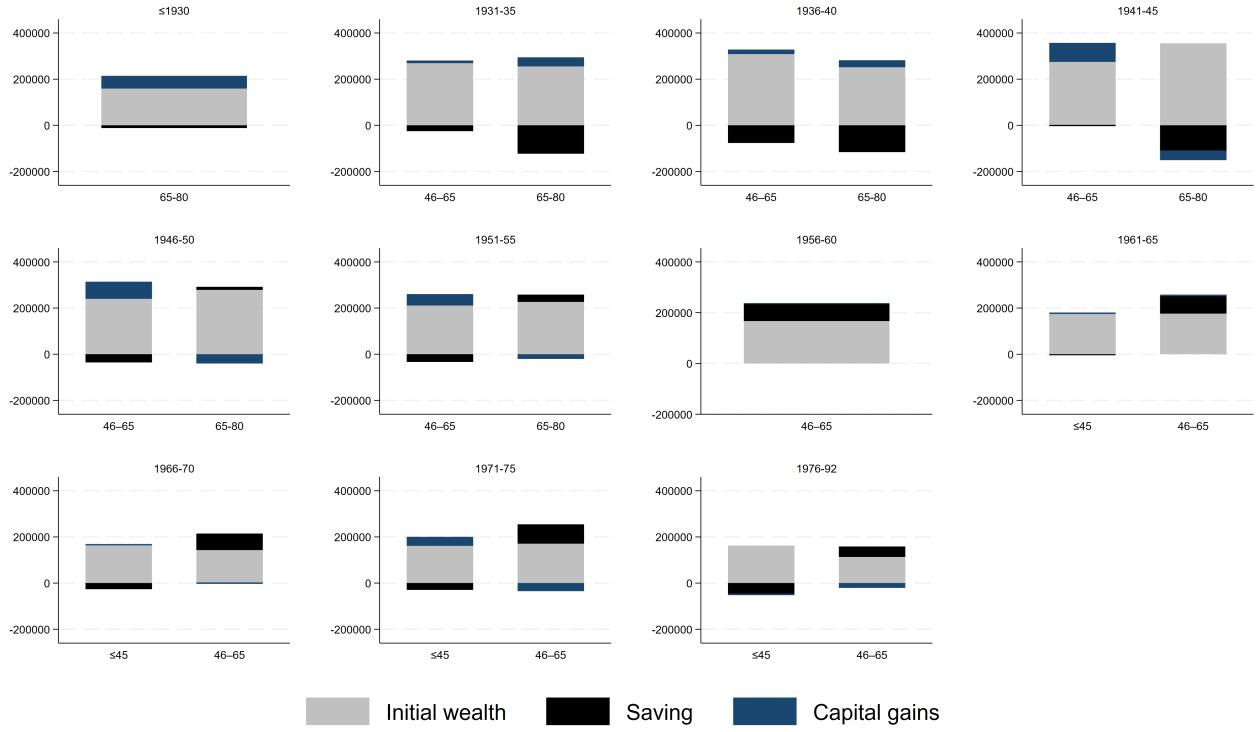
Source: Survey on Household Income and Wealth (1991-2022).
Notes: counterfactual average wealth with age=1991 is obtained by weighting, in each year, the estimated average wealth for each age cell with the corresponding 1991 weights; counterfactual average wealth with cohort=1941–1945 and cohort=1946–1950 is obtained by imputing to each cohort the average cohort effect estimated, respectively, for those born between 1941 and 1945 and between 1946 and 1950.

Figure 5: Projected Net Wealth under Alternative Cohort Scenarios



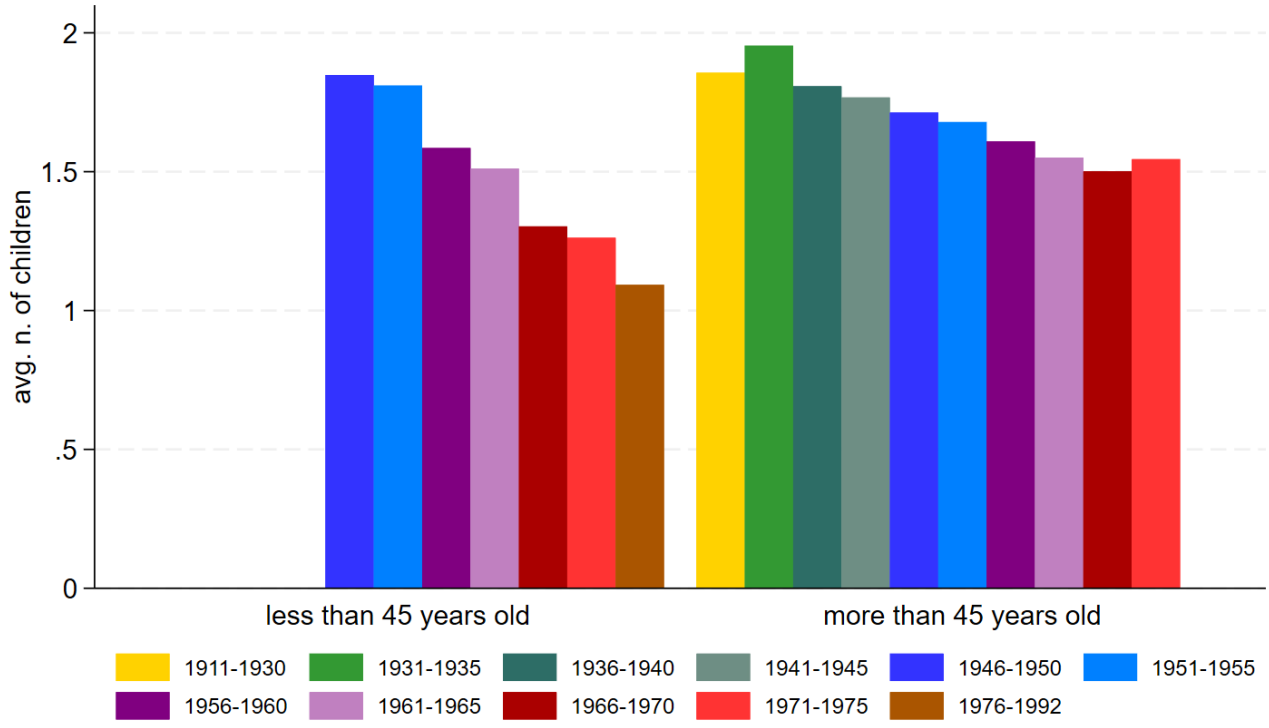
Source: Survey on Household Income and Wealth (1991-2022).
Notes: projected average net wealth between 2024 and 2050 is calculated on the basis of the estimated cohort and age effects. Cohort effect>=1975: all cohorts are assigned the average effect estimated for cohorts born from 1975 to 1992; cohort effect=1941–1945: all cohorts are assigned the average cohort effect estimated for cohorts born between 1941 and 1945; cohort effect=1946–1950: all cohorts are assigned the average cohort effect estimated for cohorts born between 1946 and 1950.

Figure 6: Decomposition of average net wealth growth across cohorts: savings vs. capital gains



Source: Survey on Household Income and Wealth (1991-2022).
Notes: the figure decomposes average real wealth by birth cohort and age group into three components: initial wealth, i.e. wealth at the beginning of each age interval, saving and capital gains. Capital gains imputed by applying asset-specific aggregate returns to the average portfolio composition of each cohort. Saving is computed as the residual needed to satisfy the wealth accumulation identity. Asset holdings are winsorized at the top 1 per cent of their cohort-year distribution.

Figure 7: Average number of children by cohort



Source: Survey on Household Income and Wealth (1991-2022).

Table 1: Demographic trends and inheritance

Year	Average age of children at potential receipt of inheritance	Average age of the mother at childbirth	Average life expectancy
1991	48	25.3	73.5
1993	48.3	25.3	73.7
1995	48.1	25.5	74.0
1998	48.0	25.7	74.5
2000	47.9	25.9	74.9
2002	47.9	26.1	75.0
2004	48.1	26.3	75.3
2006	48.2	26.5	75.6
2008	48.4	26.7	75.7
2010	48.6	26.8	75.8
2012	49.4	26.9	76.4
2014	49.9	26.9	76.9
2016	50.2	27.1	77.3
2020	51.0	27.2	78.1
2022	51.2	27.2	78.4

Source: Survey on Household Income and Wealth (1991-2022).
Notes: the table shows the average age of children at the potential receipt of inheritance, calculated as the difference between parents' life expectancy and the age they had at the birth of the child. Parents' life expectancy is assigned for each age of the household head using UN data; the child's year of birth is calculated using the average age of the mother at childbirth (Istat source) for each parental age.

Table 2: Weight of potential inheritance in wealth across cohorts

Parent cohort	Child cohort	Total (1)	NEC–NEP (2)	EC–EP (3)	EC–NEP (4)
Panel A. Baseline scheme of educational groups					
1911–1930	1951–1965	0.40	0.47	0.48	0.35
1930–1940	1956–1965	0.42	0.50	0.46	0.38
1940–1950	1966–1975	0.47	0.63	0.50	0.42
Panel B. Restrictive scheme of educational groups					
1911–1930	1951–1965	0.40	0.45	0.44	0.32
1930–1940	1956–1965	0.42	0.46	0.44	0.34
1940–1950	1966–1975	0.47	0.54	0.50	0.34

Source: Survey on Household Income and Wealth (1991-2022).
Notes: the table shows the share of potential inheritance in the wealth of child cohorts between ages 50 and 55 if their respective parent cohorts transferred it between ages 75 and 80, on average and for different combinations of child/parent education, under two schemes of educational groups. The share is calculated as the ratio between potentially inherited wealth and the sum of household net wealth and the value of the inheritance itself.

Table 3: Wealth ratios with and without inheritance by education of the household and parents

	EC–EP / NEC–NEP		EC–EP / EC–NEP	
Child cohort	No transfers	With transfers	No transfers	With transfers
Panel A. Baseline scheme of educational groups				
1951–1965	2.3	2.3	1.3	1.7
1956–1965	2.6	2.4	1.4	1.7
1966–1975	3.5	2.6	1.5	1.7
Panel B. Restrictive scheme of educational groups				
1951–1965	2.4	2.4	1.3	1.6
1956–1965	2.3	2.2	1.3	1.6
1966–1975	2.3	2.1	1.0	1.3

Source: Survey on Household Income and Wealth (1991-2022).
Notes: the table shows the ratio between the average wealth of children's cohorts according to the education level of the household and that of the family of origin, distinguishing between values calculated net of potential inheritance and values obtained including inheritance. The two panels refer to the two hypotheses of educational groups discussed in the main text.

Appendix

A The Survey on Household Income and Wealth

We use data from the Survey on Household Income and Wealth (SHIW) conducted by the Bank of Italy since the 60s. The SHIW is a nationally representative survey collecting detailed information on the demographic characteristics, income, wealth, liabilities and consumption of Italian households.The Survey constitutes the main source of microdata on the economic conditions of Italian households.

The analysis uses all available cross-sectional waves from 1991 to 2022. Throughout the paper, the unit of observation is the household, and age and cohort are defined with reference to the household head, identified as the main income earner. To focus on households in the main wealth accumulation phase of the life cycle, the sample is restricted to household heads aged between 30 and 80 years.

Household net wealth is defined as the sum of real and financial assets net of financial liabilities. Real assets include owner-occupied housing, other real estate and business assets, while financial wealth includes deposits, government securities, bonds, equities, mutual funds and other financial instruments. Financial liabilities comprise mortgages and other debts owed to banks and financial institutions. Unless otherwise stated, all monetary variables are expressed in 2015 euros using the consumer price index.

To ensure that the estimates are representative of the Italian population, all descriptive statistics and regression estimates are computed using the sampling weights provided by the survey. Average wealth profiles are obtained at the age–cohort–survey year cell level, where each cell average is calculated using the corresponding household sampling weights.

The SHIW has a rotating panel component that allows some households to be interviewed in consecutive waves. The analysis exploits the panel structure only when reconstructing information on the educational attainment of the parents of the household head's partner, while all other results are based on repeated cross-sections.

As with all household wealth surveys, the SHIW may underestimate wealth at the top of the distribution because of non-response and measurement error. To assess the robustness of the results, the decomposition of wealth growth into savings and capital gains is replicated using the SHIW-adjusted data developed within the Distributional Wealth Accounts (DWA) project, which reconcile survey estimates with national accounts aggregates. The qualitative results remain unchanged.

Further details on the survey design and sampling methodology are available in the methodological documentation of the Survey on Household Income and Wealth published by the Bank of Italy.[22]

[22]See the Bank of Italy webpage on the Survey on Household Income and Wealth: `https://www.bancaditalia.it/statistiche/tematiche/indagini-famiglie-imprese/bilanci-famiglie/index.html?com.dotmarketing.htmlpage.language=1`.

B Matching SHIW wealth stocks to macroeconomic returns

The estimation of capital gains at cohort levels requires a consistent classification of household wealth in the SHIW and the national wealth accounts. We therefore map each wealth component observed in the survey into the corresponding macroeconomic asset category used to derive aggregate rates of return. The detailed correspondence between SHIW variables and national accounts asset categories is reported in Table B.1.

For each asset class j, we assign the corresponding aggregate real rate of return $q_{j,t}$ and estimate capital gains by applying this return to the average real holdings of each cohort–survey year cell. Since all households holding the same asset are assigned the corresponding aggregate return within each survey interval, cross-cohort differences in estimated capital gains arise from differences in asset holdings, portfolio composition, and the sequence of returns experienced over the life cycle. Capital gains are therefore computed as:

$$\widehat{CG}_{t,c} = \sum_{j} q_{j,t} \bar{A}_{j,t-1,c}, \tag{B.1}$$

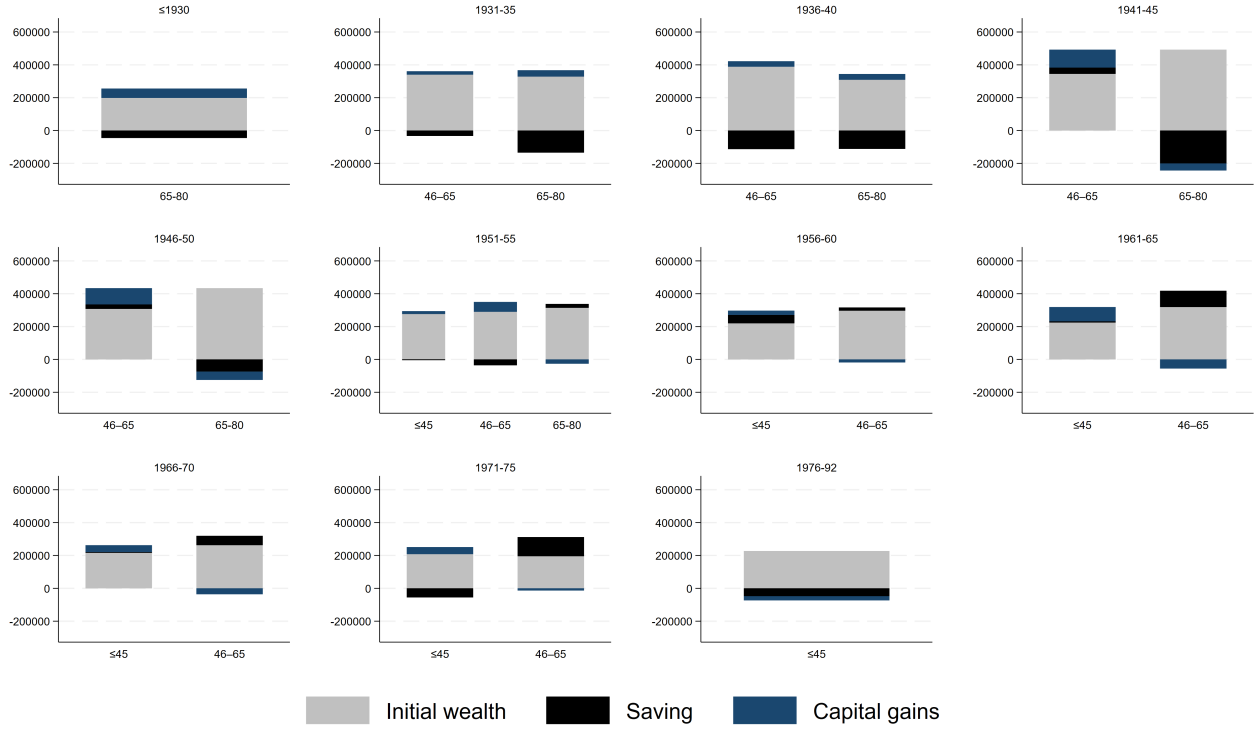
where $\bar{A}_{j,t-1,c}$ denotes the average real holdings of asset j at survey year $t-1$ for cohort c.

The asset-specific rates of return are derived from balance sheet statistics, financial accounts and household sector accounts. For each financial asset category, nominal valuation changes are obtained as the difference between the observed variation in the aggregate stock and the corresponding transactions recorded in the financial accounts. The resulting valuation changes are then cumulated over the years between two consecutive SHIW waves and divided by the stock held at the beginning of the interval. Therefore, the estimated nominal rate of return measures the cumulative percentage revaluation experienced by each asset class over the corresponding survey period. Nominal returns are subsequently converted into real returns by adjusting for cumulative consumer price inflation over the same interval.

For non-financial assets, we consider the sum of housing wealth and non-financial business wealth. Since transaction data are not available for exactly the same asset aggregate, we use ISTAT time series of net investment in non-financial assets of consumer and producer households as a proxy for the corresponding flow. The rate of return is then obtained following the same approach adopted for financial assets. Although the investment series and wealth aggregate do not coincide perfectly by construction, the discrepancy between the two is limited. Figure B.2 illustrates, using aggregate national accounts data, the decomposition of total household wealth changes into savings, estimated capital gains, and a residual component, which captures the difference between the observed variation in aggregate wealth and the sum of savings and estimated revaluations. As shown in the figure, the residual remains very small throughout the sample period.

Not all wealth components could be matched to a specific aggregate rate of return. Deposits and liabilities are assigned a zero rate of return because changes in these positions mainly reflect transactions rather than valuation effects. Foreign securities, loans to cooperatives and the residual category of other financial assets are also assigned a zero rate of return because corresponding aggregate return series are not available and these asset categories account for only a very small share of household wealth.

Figure B.1: Decomposition of average net wealth growth across cohorts with SHIW-adjusted data: savings vs. capital gains



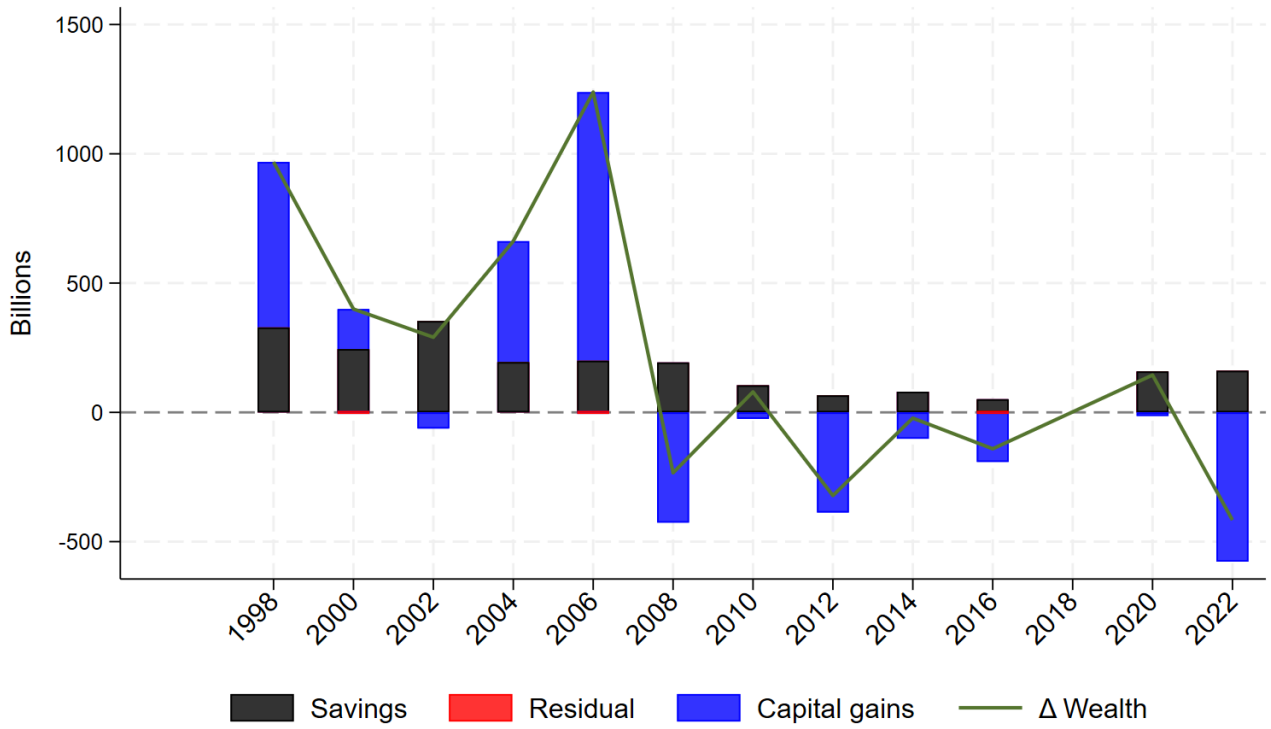
Source: SHIW-adjusted data, constructed among the Distributional Wealth Accounts (DWA) project for Italian households. Notes: the figure decomposes average real wealth by birth cohort and age group into three components: initial wealth, i.e. wealth at the beginning of each age interval, saving and capital gains. Capital gains imputed by applying asset-specific aggregate returns to the average portfolio composition of each cohort. Saving is computed as the residual needed to satisfy the wealth accumulation identity. Asset holdings are winsorized at the top 1 per cent of their cohort-year distribution.

Table B.1: Mapping between SHIW wealth components and macroeconomic asset categories

	SHIW variables	Macro category
Asset	Bonds issued by Italian firms, Bonds issues by Italian banks	Private Debt Securities
Asset	Government securities (BOTs, BTPs, other)	Government Debt Securities
Asset	Bank and PO current account, Bank and PO savings account, Repos and/or PO savings certificates	Deposits
Asset	Shares in companies limited by shares (srl) and shares in unlisted companies	Financial Business Wealth
Asset	Managed portfolios, funds, ETFs	Investment Fund Shares
Asset	Shares in listed companies	Listed Shares
Asset	Real estate (AR1)	Housing Wealth
Asset	Business equity (AR2)	Non-Financial Business Wealth
Liability	Bank and financial liabilities (PF1)	Total Liabilities

Notes: the mapping reported in the table corresponds to the 2022 SHIW wave and is shown as an illustrative example. The classification of financial assets may vary slightly across survey waves because some financial instruments are introduced, discontinued, or redefined over time. The definitions of the non-financial wealth components, namely real estate (AR1) and business equity (AR2), as well as liabilities to banks and financial companies (PF1), are stable across all waves of the survey.

Figure B.2: Decomposition of aggregate household wealth changes into savings, capital gains, and residual component



Source: national accounts data. Notes: the green line reports the change in total real household wealth. Black bars denote the contribution of savings, while blue bars represent estimated capital gains obtained from aggregate balance-sheet and flows information. The residual (red bars) is computed as the difference between the observed change in aggregate wealth and the sum of savings and estimated capital gains.