Real Assets, Real Inequality: The Heterogeneous Impact of Inheritance on Wealth Mobility

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Roadmap

Why study inheritances and wealth mobility?

- Wealth inequality has re-accelerated in advanced economies (OECD (2021)).
- Inheritances are frequent, and unevenly distributed (Nolan et al. (2021)).
- Are transfers equalizing or disequalizing? Depends on the metric (absolute vs. relative) (Boserup et al. (2016)).
- This paper: micro panel evidence on how asset type and value change shape mobility.

Key contributions

1. Panel analysis (2009–2022) using repetitively surveyed households.
2. Two outcomes: Absolute mobility Δ Net Wealth; Relative mobility Δ rank in national wealth distribution.
3. Disaggregate transfers: **Real** vs. **Financial** assets; 10 asset types.
4. Identification of heterogeneous effects: by macro-type, specific asset, and below/above median value.

Household Finance and Consumption Survey

- Four survey waves: 2009–2011, 2013–2015, 2017–2018, 2020–2022 (harmonized by ECB).
- Countries in estimation: Belgium, Cyprus, Germany, Spain.
- Panel sample: $\sim$2,983 repetitive HHs per wave ($\sim$11,932 obs. total).
- Imputations: 5 implicates; Rubin's rules for pooled inference.
- Values deflated with HICP; incomes equivalized.

Inheritance variables

- Receipt dummy: any inheritance/gift by any HH member (outside current HH).
- Total value: sum of up to three reported transfers (net of tax).
- Asset types (10): Money; Dwelling; Dwelling Use; Land; Business; Securities & Shares; Valuables; Life Insurance; Vehicles; Other.
- Grouping: **Financial** (Money, Securities & Shares, Life Insurance) vs. **Real** (others).

Outcome definitions

Absolute mobility:

$$\Delta W_{i,t} = W_{i,t} - W_{i,t-1}$$

Relative mobility:

$$\Delta R_{i,t} = R_{i,t} - R_{i,t-1}$$

IHS used for monetary variables:

$$\text{arcsinh}(x) = \ln\left(x + \sqrt{x^2 + 1}\right).$$

Controls

- Lagged wealth, income, HH size
- Age (& square), education, labor status
- Gender, marital status
- HH FE (α_i), Year FE (λ_t), Country FE (μ_c)

Baseline specification

$$\text{Mobility}_{i,t} = \beta' \, \text{Inheritance}_{i,t} + \gamma' \, \text{X}_{i,t} + \alpha_i + \mu_c + \lambda_t + \varepsilon_{i,t}$$

- FE estimates emphasized; OLS reported for comparison.
- Monetary variables transformed with IHS; interpretation via elasticities.
- Multiply imputed data; robust SEs in OLS and clustered at HH level in FE.

Aggregate inheritance: extensive & intensive effect

Table: Aggregate Effects of Inheritance on Wealth Mobility: Receipt Dummy & Total Value

	Absolute Mobility		**Relative Mobility**	
	(1) OLS	(2) FE	(3) OLS	(4) FE
Panel A: Received Inheritance Dummy				
Received Inheritance	0.9259***	0.2722**	25.6295***	18.3045***
	(0.0872)	(0.1125)	(3.4328)	(5.2935)
Panel B: Total Inheritance Value (€)				
Inheritance Value	0.0772***	0.0232**	2.2989***	2.0102***
	(0.0070)	(0.0097)	(0.3102)	(0.5081)
Controls	Yes	Yes	Yes	Yes
Observations	8,904	8,905	8,904	8,905

Notes: Panel A uses the receipt dummy as regressor, while Panel B uses the IHS-transformed total value of transfers. Standard errors are robust (OLS) and clustered at the household level (FE). , , and denote significance at the 10%, 5%, and 1% levels.

Aggregate inheritance: extensive & intensive effect

- **Overall**: significant, positive for both absolute and relative mobility.
- **Extensive (FE)**: $\sim$31% increase in absolute mobility; $\sim$18 rank positions gained.
- **Intensive (FE)**: $\sim$0.23% increase in absolute mobility; $\sim$2 rank positions gained.
- **Interpretation**: transfers matter for both levels and distributional position.

Disaggregate inheritance: real vs. financial assets

Table: Effects of Inherited Real and Financial Assets on Wealth Mobility

	Absolute Mobility		Relative Mobility		N
	(1) OLS	(2) FE	(3) OLS	(4) FE	
Panel A: Inherited Asset Dummy					
Real Asset	0.958***	0.251*	28.10***	28.35***	8,905
	(0.098)	(0.134)	(3.75)	(6.04)	
Financial Asset	0.347***	0.109	6.71	−0.43	8,905
	(0.092)	(0.108)	(4.34)	(6.52)	
Panel B: Inherited Asset Value (€)					
Real Asset	0.072***	0.039*	3.18***	3.12***	2,191
	(0.014)	(0.020)	(0.60)	(0.92)	
Financial Asset	0.030**	0.013	1.34*	0.06	1,597
	(0.014)	(0.015)	(0.72)	(0.91)	
Controls	Yes	Yes	Yes	Yes	

Notes: Panel A uses the receipt dummies of real or financial assets as regressor. Panel B uses their IHS-transformed value (€). Standard errors are robust (OLS) and clustered at the household level (FE). *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Disaggregate inheritance: real vs. financial assets, by median value

Table: Effects of Inherited Assets on Wealth Mobility, by Median Bracket

Panel	Asset Type	Asset Value	Absolute Mobility		Relative Mobility		N
			(1) OLS	(2) FE	(3) OLS	(4) FE	
Panel A: Inherited Asset Dummies							
	Real Asset	$\leq$ €80,000	0.863***	0.264	20.92***	12.91	7,210
			(0.168)	(0.247)	(6.03)	(10.04)	
	Real Asset	$>$ €80,000	1.390***	0.505**	40.34***	39.50***	7,210
			(0.160)	(0.251)	(6.23)	(10.42)	
	Financial Asset	$\leq$ €25,000	0.274	0.076	6.63	−14.25	6,619
			(0.257)	(0.257)	(8.27)	(11.92)	
	Financial Asset	$>$ €25,000	0.524***	0.229	27.01***	4.49	6,619
			(0.092)	(0.167)	(9.33)	(13.90)	
Panel B: Inherited Asset Value (€)							
	Real Asset	$\leq$ €80,000	0.000	−0.041	1.59	8.83	474
			(0.079)	(0.091)	(3.51)	(8.03)	
	Real Asset	$>$ €80,000	0.213	0.234***	18.14**	26.61*	415
			(0.205)	(0.068)	(8.70)	(13.55)	
	Financial Asset	$\leq$ €25,000	0.633*	0.847*	19.28**	27.81**	286
			(0.332)	(0.486)	(9.73)	(13.44)	
	Financial Asset	$>$ €25,000	0.324**	0.123	32.75	16.07	241
			(0.134)	(0.136)	(19.57)	(28.96)	
Controls			Yes	Yes	Yes	Yes	

Notes: Panel A reports coefficients for dummies of inherited assets, by median bracket. Panel B reports IHS value change effects. Standard errors are robust (OLS) and clustered at the household level (FE). *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Disaggregate inheritance: real vs. financial assets

- **Real assets** drive the results: significant across specifications; larger marginal effects.
- **Financial assets**: generally insignificant in FE at means.
- Median split: large real inheritances matter most; small financial transfers help poorer HHs.

Disaggregate inheritance: individual asset dummies

Table: Effects of Individual Asset Dummies on Wealth Mobility

	Absolute Mobility		Relative Mobility	
	(1) OLS	(2) FE	(3) OLS	(4) FE
Dwelling	**0.6335*** **	**0.4899** **	**30.5122*** **	**37.6366*** **
	(0.1334)	(0.2420)	(8.7438)	(12.6879)
Dwelling Use	0.2701	-0.7721	13.7775	2.5646
	(0.7141)	(0.6217)	(19.7179)	(27.3614)
Land	**0.9566*** **	-0.0278	**24.4425*** **	17.1804
	(0.2337)	(0.3026)	(7.9151)	(13.6333)
Money	**0.2799** **	**0.3398** **	5.0618	-7.5323
	(0.1135)	(0.1559)	(7.2050)	(11.1372)
Business	-0.1164	-0.6429	-6.5075	2.9140
	(0.2579)	(0.7329)	(37.3695)	(33.0786)
Securities & Shares	0.0895	-0.0919	9.0298	23.7408
	(0.1887)	(0.1652)	(19.2109)	(22.8704)
Valuables	-0.1745	-0.3377	-99.3637**	-49.7267
	(0.5590)	(0.6049)	(40.5792)	(54.6821)
Life Insurance	0.5209	-0.0219	132.5814	126.0317
	(0.5584)	(0.8145)	(117.1177)	(207.3077)
Other Assets	0.8192*	0.8046	-29.0887	-25.0100
	(0.4452)	(0.8519)	(38.8023)	(38.3840)
Vehicles	-0.6953	-0.8862	14.3920	22.6229
	(0.7589)	(0.7412)	(32.4475)	(44.7786)
Controls	Yes	Yes	Yes	Yes
Observations	7,231	7,231	7,231	7,231

Notes: Standard errors are robust (OLS) and clustered at the household level (FE). *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Which asset types matter?

- **Dwelling** consistently significant: $\sim$58% increase in absolute mobility; rank gains.
- Land: some significance in OLS, mixed in FE.
- **Money**: positive for absolute mobility on receipt.

Disaggregate inheritance: individual asset value, by median value

Table: Effects of Individual Asset Value (€) on Wealth Mobility, by Median Bracket

Asset Type	**Asset Value**	Absolute Mobility		Relative Mobility		**N**
		OLS	FE	OLS	FE	
Dwelling	$\leq$ €70,000	0.68 (0.46)	−0.10 (0.22)	−2.01 (11.13)	−89.56 (54.02)	123
Dwelling	$>$ €70,000	0.64*** (0.22)	0.40*** (0.07)	5.11 (27.96)	6.31 (22.36)	107
Land	$\leq$ €35,000	0.08 (0.25)	0.17* (0.08)	6.49 (7.14)	41.77** (15.73)	74
Land	$>$ €35,000	−0.23 (0.49)	0.10 (0.09)	6.28 (18.46)	19.73 (13.41)	68
Money	$\leq$ €20,000	0.65* (0.39)	1.42* (0.83)	23.28** (9.30)	41.52*** (15.54)	236
Money	$>$ €20,000	0.25 (0.13)	0.01 (0.09)	36.39* (18.03)	23.44 (38.76)	208
Controls		Yes	Yes	Yes	Yes	

Notes: Each cell reports the effect of IHS-transformed inheritance value, by asset type and median bracket. Standard errors are robust (OLS) and clustered at the household level (FE). *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Heterogeneity by value bracket

- **Real assets**: effects from above-median inheritances $\rightarrow$ favors wealthier heirs.
- **Financial assets**: small transfers strongly affect low-wealth households.

Policy implication

- Rebalance taxation toward high-value real property.
- Given housing centrality and strong marginal impacts of small financial transfers for low-wealth households, this could yield several benefits:
  - Fewer luxury homes bought by foreign investors to park money would sit empty.
  - Lower local land prices and deposits needed to access a mortgage improve housing affordability.
  - Increased savings for low-wealth households to meet daily needs.

Takeaways

- Inheritances increase wealth mobility on average, but **who benefits** hinges on **asset type** and **value**.
- **Real assets**, especially dwellings above the median, drive gains skewed toward richer heirs.
- **Small financial transfers** materially lift poorer households.
- Absent policy, patterns likely exacerbate inequality over time.

Thanks!

Questions?

References I

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