

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

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# Roadmap

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# Motivation

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# Why study inheritances and wealth mobility?

- Wealth inequality has re-accelerated in advanced economies.
- Inheritances/gifts are large, frequent, and unevenly distributed.
- Are transfers equalizing or disequalizing? Depends on the metric (absolute vs. relative).
- This paper: micro panel evidence on how asset type and value bracket shape mobility.

## Contribution at a glance

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## Key contributions

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

# Data

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- 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 imputates; Rubin's rules for pooled inference.
- Values deflated with HICP; incomes equivalized.



- 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).

## Method

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## 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:

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

## Controls

- Lagged wealth, income, HH size
- Age (& square), education, labor status
- Gender, marital status
- HH FE ( $\alpha_i$ ), Year FE ( $\lambda_t$ ), Country FE ( $\mu_c$ )

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

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

## Results

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## Aggregate effect of inheritance

- **Receipt dummy**: positive for both absolute and relative mobility.
- **Magnitude (FE)**:  $\tilde{31}\%$  increase in absolute mobility;  $\tilde{18}$  rank positions gained.
- **Interpretation**: transfers matter for both levels and distributional position.

- **Real assets** drive the results: significant across specs; larger marginal effects.
- **Financial assets**: generally insignificant in FE at means.
- Median split:
  - Real  $>$  median (80k): strong, significant gains (both absolute/relative).
  - Real  $\leq$  median: no measurable FE effect.
  - Financial  $\leq$  median (25k): positive and sizable;  $>$  median: weak.

## Which asset types matter?

- Among 10 categories, **Dwelling** is consistently significant across models.
- **Dwelling effects:**
  - Receipt:  $\tilde{58}\%$  increase in absolute mobility; sizable rank gains.
  - Value increments:  $\tilde{3.7}$  rank positions per IHS unit (FE).
  - Effects concentrated in *above-median* dwellings; for relative mobility, gains taper at very high values.
- **Money:** positive for absolute mobility on receipt; value effects concentrated below the median.
- **Land:** some significance in OLS, mixed in FE.



## Heterogeneity by value bracket

- **Real assets:** effects come entirely from  $>$  median values  
 $\Rightarrow$  *favours already wealthy heirs.* **Financial assets :**  
*small transfers pack a punch for poorer households.*
- Policy implication: liquidity matters; high-value real assets entrench inequality.

## Robustness & Interpretation

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- FE controls for time-invariant unobservables; focus on changes (mitigates reverse causality from wealth levels).
- Year and country FEs absorb macro shocks and structural cross-country differences.
- Results robust to restricting to single-asset households for value regressions.

- Rebalance taxation toward high-value inherited real property.
- Consider targeted liquidity transfers to low-wealth households; strong marginal impacts observed for small financial inheritances.
- Housing centrality suggests spillovers via collateral and credit access.

## Conclusion

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# 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.

**Backup**

## Appendix: Specification details

- Transformations: IHS on wealth, inheritance values; interpretation per semi-elasticities.
- Inference: Rubin's rules across 5 implicates; SEs clustered at HH in FE.
- Sample: repetitive households in BE, CY, DE, ES; period 2009–2022.



## Appendix: Tables (placeholders)

- Table: Effects of receipt (dummy) on absolute/relative mobility.
- Table: Effects of total value (IHS) on absolute/relative mobility.
- Table: Real vs. Financial; by median bracket.
- Table: Individual asset types; value brackets.

## Appendix: Notation and elasticities

- IHS back-of-the-envelope for dummy in IHS dependent variable:  $\bar{R} \approx e^{\hat{\beta} - 0.5 \widehat{Var}(\hat{\beta})}$ .
- Rank effects reported as positions in national net wealth distribution.

**Thanks!**  
**Questions?**