

Who Reaches the Top?

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

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September 2026

1. Introduction

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5. Those who reach the top wealth decile already ranked near it at ages 35–39, wealth transfer or not

1. Introduction

Related strands of literature.

- **Distribution and importance of wealth transfers.** Wolff (2002) and Feiveson and Sabelhaus (2018) find that wealthier households receive more often and in larger amounts. Black et al. (2025) set Norwegian wealth receipts against lifetime inflows and find the ratio flat except at the very top
- **Wealth inequality.** Estimates disagree by data source. Palomino et al. (2022) attribute **32%** on the Survey of Consumer Finances. Crawford and Hood (2016), Karagiannaki (2017) and Elinder et al. (2018) subtract wealth transfers from net worth and find little
- **Wealth persistence.** Charles and Hurst (2003) and Pfeffer and Killewald (2018) find that bequests explain a small share of the parent-child wealth correlation. Adermon et al. (2018) attribute at least half of Swedish wealth persistence to them
- **Quantitative wealth models** match observed wealth concentration more closely when they include bequests, as in De Nardi (2004) and Benhabib et al. (2019)

1. Introduction

Three contributions to that literature.

1. I measure wealth transfer size against **individual lifetime earnings**, which no U.S. study has done
2. I calibrate the wealth transfers the PSID misses to the Survey of Consumer Finances and recompute the wealth-persistence shares under that correction
3. I show that a recipient's wealth rank is **largely settled before the wealth transfer arrives**, from ranks a decade earlier and an event study around each wealth receipt

The PSID has limits. It misses the top one percent, and records early-life inter vivos support poorly. Correcting for the first leaves the results in place. The second is the limit of what these data can do.

2. Data and measurement

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Panel Study of Income Dynamics, 12 biennial waves, 2001–2023. It records inter vivos gifts and inheritances of \$10,000 or more for the people whose wealth it tracks.

- The sample is the Survey Research Center (SRC) subsample, unweighted
- Wealth and wealth receipts are split to individuals, equally within couples
- Individuals are ranked within 10-year birth cohorts, in five-year age brackets
- The baseline bracket is ages 60–64 ($N = 3,154$)
- Wealth receipt data extend back to 1984
- The survey misses early-life inter vivos support, and the top one percent

2. Data and measurement

The wealth receipt rate and wealth transfer importance.

- **Wealth receipt rate:** how often a wealth transfer arrives
- **Wealth transfer importance:** how large it is, against lifetime earnings

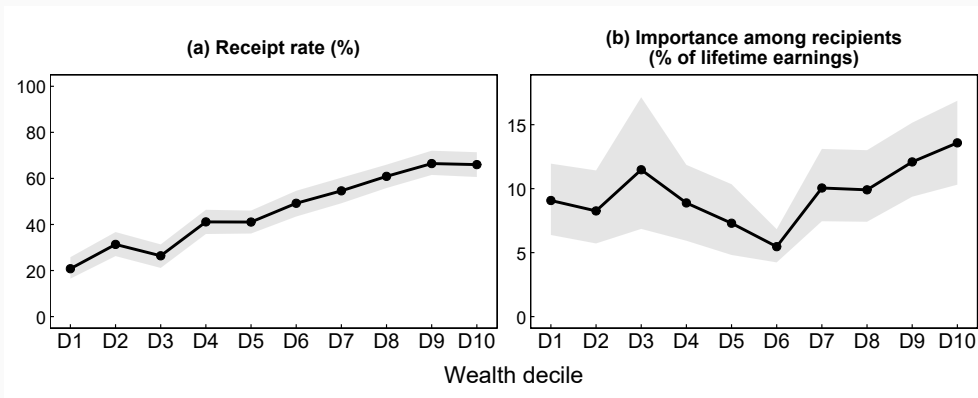
$$T_{i,t}^{\text{cum}} = \sum_{s \leq t} T_{i,s} (1+r)^{t-s} \qquad LE_i = 35 \times \frac{1}{|\mathcal{T}_i|} \sum_{s \in \mathcal{T}_i} Y_{i,s} (1+r)^{t^*-s}$$

- Each wealth receipt compounds to the final wave t^* at the individual's own return
- Lifetime earnings compound average labor income $Y_{i,s}$ the same way, over 35 years

3. Wealth transfers across the wealth distribution

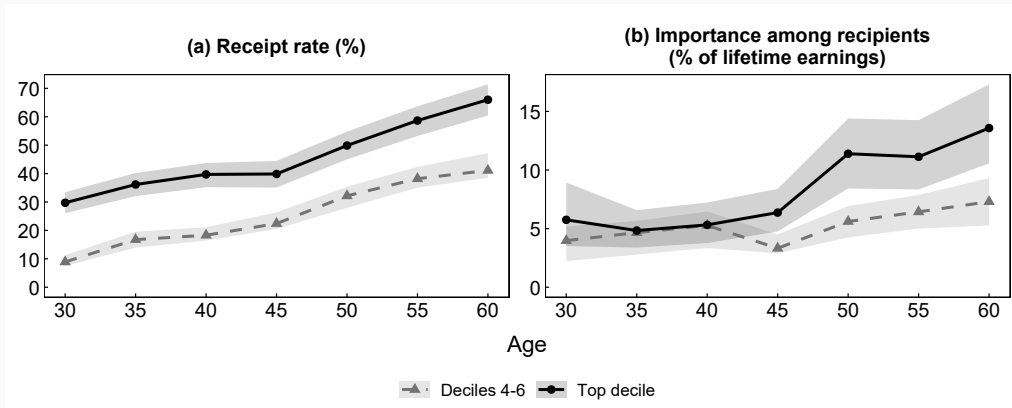
3. Wealth transfers across the wealth distribution

At ages 60–64, the wealthy receive more often and more relative to their lifetime earnings: **66%** against 41–50% on wealth receipt rates, **14%** against 5–9% on wealth transfer importance.



3. Wealth transfers across the wealth distribution

Over the working life the gap between the top wealth decile and wealth deciles 4–6 narrows on wealth receipt rates and widens on wealth transfer importance.



4. Wealth inequality and wealth persistence

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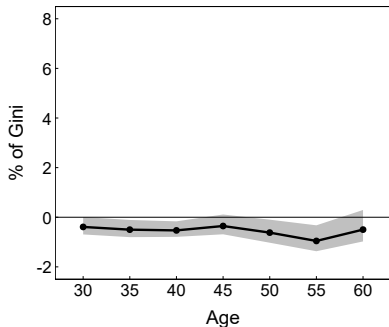
Two counterfactuals.

1. **Subtraction:** $w_i - T_i$. Take every wealth transfer away
2. **Redistribution:** $w_i - T_i + \bar{T}$. Give everyone the mean instead
3. **Then re-rank** and re-estimate the rank-rank slope β . The mechanical share is $1 - \beta_{CF}/\beta$
4. Redistribution adds the same amount to everyone, so it cannot move a rank. The wealth persistence share comes from subtraction
5. Both are mechanical and allow no behavioral effects

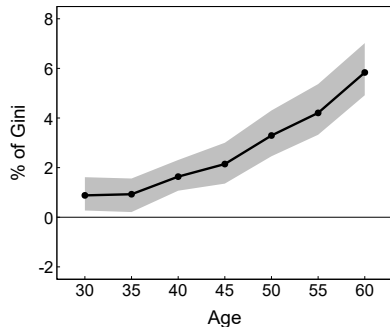
4. Wealth inequality and wealth persistence

Wealth transfers account for little of within-cohort wealth inequality: redistribution lowers the Gini at ages 60–64 by 6%, subtraction leaves it 3% above actual.

Subtraction



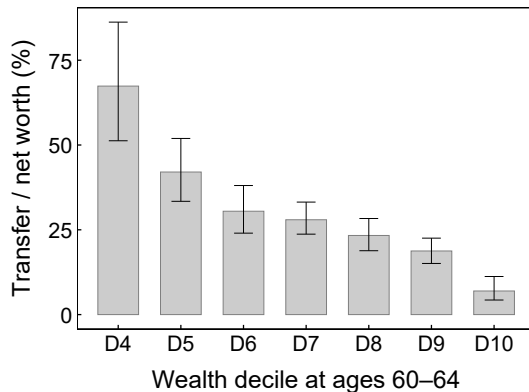
Redistribution



The 3% keeps the same individuals in both distributions. The panels plot each counterfactual over the lifecycle, where subtraction sits near zero.

4. Wealth inequality and wealth persistence

The reason: wealth transfers are a declining share of net worth across the wealth distribution. They are **42%** of middle wealth decile recipients' net worth against **7%** of top wealth decile recipients'.



4. Wealth inequality and wealth persistence

Wealth transfers account for **19%** of intergenerational and **10%** of intragenerational wealth persistence.

	Actual β	Counterfactual β	Mechanical share
Intragenerational	0.57	0.51	10%
Intergenerational	0.45	0.37	19%

Intragenerational: own wealth rank at ages 35–39 to 60–64. Intergenerational: parent's wealth rank to the child's, both at ages 60–64.

4. Wealth inequality and wealth persistence

Correcting the PSID to the Survey of Consumer Finances still leaves the wealth persistence shares small.

- I reshape each wealth receipt to the SCF wealth-transfer profile
- I then scale the aggregate up to the capture rate the PSID's own recorded flow implies
- Even then the shares reach only **32%** intergenerational and **21%** intragenerational

4. Wealth inequality and wealth persistence

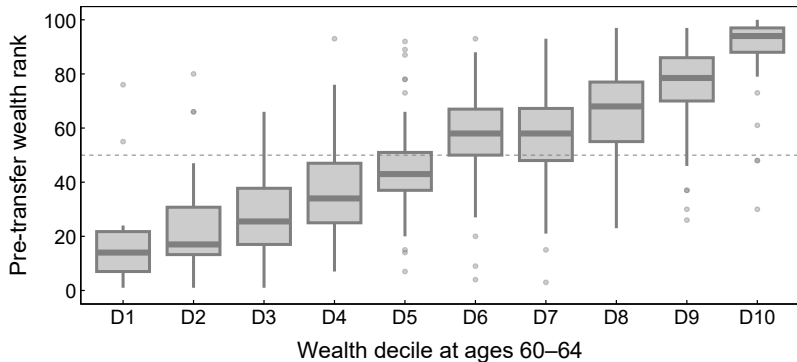
Observed background explains about as much as wealth transfers do.

- Race, household labor income, birth cohort and state of residence absorb **24%** of the parent-child slope, wealth transfers **20%**
- Together they take the slope from 0.45 to 0.26, or **43%**: most of the parent-child correlation is still unexplained
- Candidates the PSID cannot measure: early-life inter vivos support, human capital investment, neighborhoods

5. Timing

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A decade before the median first wealth receipt at age 49, recipients who reach the top wealth decile already ranked **89th** in their cohort, and non-recipients who reach it **88th**.



Those two ranks are measured at ages 35-39. The plot uses a different rule: each recipient one wave before their own wealth receipt. Top wealth decile median 94.

5. Timing

Wealth rank jumps by **6 points** in the wave the wealth transfer arrives and settles at **4 points** after, under half a wealth decile.



Individual and wave fixed effects, 95% band clustered by family. **No coefficient before the wealth transfer differs from zero**, and **91%** of the top wealth decile stay there without wealth transfers.

6. Conclusion

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Four limits.

1. The PSID misses the top one percent, where dynastic bequests likely matter more
2. The intergenerational sample covers mid-century birth cohorts only
3. The counterfactuals are mechanical: no behavioral effects
4. The PSID records early-life inter vivos support poorly

If early-life inter vivos transfers are what set wealth ranks, these estimates miss the strongest channel. A survey built to measure that support records more (Boileau and Sturrock, 2025).

6. Conclusion

- Wealth transfers concentrate at the top: **66%** of the top wealth decile receive one against 41–50% in the middle, averaging **14%** of lifetime earnings against 5–9%
- Yet they account for **19%** of intergenerational and **10%** of intragenerational wealth persistence, and 91% of the top wealth decile stay there without them
- The reason is timing: cohort wealth ranks are largely settled before the wealth transfer arrives, and a wealth receipt moves them by 4 points
- The results speak to a recipient-based inheritance tax. It would reach wealth transfers that arrive too late, and are too small, to change who reaches the top

Thank you.

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Backup

Robustness tests

The results in this paper are robust to a range of tests.

- **Capitalization.** A common median return of 3% instead of each individual's own
- **Allocation.** Assigning wealth receipts to the household head only, rather than splitting them between partners
- **Controls.** Labor-income terciles, every birth cohort, and a regression with race, income and cohort controls
- **Sample.** The post-2013 waves, which add defined-contribution pensions to wealth, and reweighting the top wealth decile to the SCF top 10% mean wealth
- **Denominator.** Adding capital income to lifetime earnings lowers every share, because capital income at the top is partly the return on inherited wealth. The top wealth decile stays above the middle

Comparison with the larger U.S. estimates

- Palomino et al. (2022) take a Shapley share of the mean log deviation on the Survey of Consumer Finances and get 32%
- The same Shapley decomposition on PSID data gives 15.2% of the mean log deviation and 3.1% of the Gini. The gap to Palomino et al. (2022) is part method, part data
- Feiveson and Sabelhaus (2018) redistribute SCF wealth transfers equally and take the top 10% wealth share from 73% to 57%
- That 57% assumes wealth transfers grow at a 3% real return. At 5% the same exercise gives 40%, so their headline moves with the rate assumed

Comparison with the studies that find small effects

- Studies that subtract wealth transfers from net worth find small wealth inequality effects, as here. Denmark (Boserup et al., 2016), Sweden (Elinder et al., 2018), England (Crawford and Hood, 2016) and Great Britain (Karagiannaki, 2017)
- A source decomposition of the Gini puts wealth transfers at 11% in the United States (Nolan et al., 2021) and 18 to 19% in Ireland (Arrighi et al., 2025), against 3% here on a Shapley decomposition of the same index

PSID versus SCF wealth transfer variables

- The median age across all reported gift and inheritance events is 49 in the PSID and 47 in the SCF, 2001–2022
- In the SCF, inheritances are 81% of reported wealth transfers by count and 78% by value. 72% of inheritances come from parents
- Both surveys capture mostly death-related wealth transfers. Early-life inter vivos support is informal, ongoing and often below the \$10,000 threshold, and neither records it well
- PSID amounts rise less steeply across the wealth distribution than SCF amounts. Reshaping each wealth receipt to the SCF wealth-transfer gradient puts the wealth persistence shares at 15% (intergenerational) and 9% (intragenerational). Scaling the aggregate up as well puts them at 32% and 21%

Event study

$$R_{i,t} = \alpha_i + \lambda_t + \sum_{\substack{k \in \{-8, -6, \dots, 14\} \\ k \neq -4}} \beta_k \mathbf{1}\{t - \tau_i = k\} + \varepsilon_{i,t}$$

- τ_i is the year of the first recorded wealth receipt, $R_{i,t}$ the within-cohort wealth rank, α_i an individual and λ_t a wave fixed effect. Standard errors clustered by family
- Recipients whose first wealth receipt predates 2001 are never observed before it and leave the estimation sample
- An estimator that never uses an earlier recipient as a control returns the same profile
- Never-recipients given a placebo wealth receipt year show no rise after it: -0.28 points (standard error 0.81). The minimum detectable persistent effect is 2.52 points