
Boomers' Inheritance Estimated at \$8.4 Trillion

By Editor Test *Wed, Dec 15, 2010*

A study conducted by the Center for Retirement Research at Boston College for the MetLife Mature Market Institute estimates the median inheritance per person at \$64,000. \$2.4 trillion has already been received.

Baby Boomers, whose financial portfolios have been the focus of much discussion about poor economic prospects, may be finding a ray of hope in the distinct possibility that they will receive an inheritance, according to [*"The MetLife Study of Inheritance and Wealth Transfer to Baby Boomers."*](#)

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The study, authored by the Center for Retirement Research at Boston College for the MetLife Mature Market Institute, reports that Boomers will inherit \$8.4 trillion at 2009 levels. The median per person figure is \$64,000. \$2.4 trillion has already been received.

The figures, drawn from national survey data, say the wealthiest Boomers will be given an average of \$1.5 million, while those at the other end of the spectrum will be left \$27,000, an amount that represents a larger percentage of the latter group's overall wealth. Two-thirds of all Boomers stand to receive some inheritance over their lifetime.

Additionally, the study reports that the Boomer cohort has or will receive a substantial sum from their parents while the older generation is still alive, increasing the total transfer of assets from \$8.4 trillion to \$11.6 trillion.

Total household wealth for Americans of all ages amounted to \$65.9 trillion in 2007 (adjusted to 2009 levels), making the Boomers' inheritance a significant portion of total American wealth.

Sandra Timmermann, Ed.D., director of the MetLife Mature Market Institute, cautions, however, "Regardless of the anticipated amount, any prospective inheritance is uncertain. Parents or grandparents who expect to leave a bequest may revise their plans based on fluctuations in their asset values. Wealth may be consumed by medical and long-term care costs, or simply by virtue of long life. In short, Boomer households should not count on an anticipated inheritance and forego the need for increased financial planning and retirement saving."

According to Alicia H. Munnell, a co-author of the study and director of the Center for Retirement Research at Boston College, "Policymakers should recognize that inheritances are not a silver bullet to achieve retirement security. They should be developing policies and programs to boost Americans' savings and promote longer work lives.

"It is also recommended," said Ms. Munnell, "that the subject of inheritance among the Boomers be used to

generate family discussions about estate planning. While not everyone will be comfortable engaging on this topic, those who do so will likely find it helpful. A trusted family financial advisor may be useful in this regard.”

Other key findings of the study include:

- Most Boomers will receive their inheritances in late middle age, upon the death of the surviving parent. To date, the overwhelming majority of inheritances are passed from parents to children (63% of inheritances and 74% of dollars); grandparents are the second most common source. Few Boomers now have living grandparents, but a majority had at least one living parent.
- Although only 17% of Boomers had received an inheritance by 2007, two-thirds will eventually receive one. The incidence of receipt increases with income, but 50% or more of households at all income levels will eventually receive an inheritance.
- Though high-wealth households receive much larger inheritances in dollar terms, these amounts represent a smaller share of their wealth—22% for those in the top tenth compared to 64% for those in the second-to-bottom tenth.
- Considering only past inheritances, the median amount Boomers received by 2007—adjusted for inflation—is about the same as that received by the preceding 1927-1945 birth cohort at the same ages.

Data were analyzed from the *Survey of Consumer Finances* (SCF), a triennial survey that over samples wealthy households (latest data available 2007). For data on prospective inheritance receipts, the study relied on the 2006 *Health and Retirement Study* (HRS), a nationally representative panel of individuals born before 1954 and their spouses of any age

[“The MetLife Study of Inheritance and Wealth Transfer to Baby Boomers”](http://www.MatureMarketInstitute.com) may be downloaded from www.MatureMarketInstitute.com.