



*Addressing Relevant Issues Affecting Seniors and Ones who Love Them.*

## Boomers to Inherit \$8 Trillion

Boomers stand to inherit \$8.4 trillion at 2009 levels. Released in December, the study was authored by the Center for Retirement Research at Boston College for the MetLife Mature Market Institute. The median per person figure is \$64,000.

The United States Census Bureau considers a baby boomer to be someone born during the demographic birth boom between 1946 and 1964. It has been widely reported that the first persons in the “baby boomer generation” attained age 65 in 2011 (when they became eligible for Medicare).

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 lifetimes.

### Key Findings

- 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 have 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.

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.

Although \$8 trillion sounds like a lot of money (and it is), the report cautions that relying on an inheritance is not a good substitute for an adequate retirement plan. “Although inheritances are important in aggregate, the timing and amount of the re-

ceipts of any particular household are highly uncertain,” the researchers write. “Wealth may be consumed by medical and long-term care costs, or simply as a result of living longer than expected. Wealth is also subject to fluctuations in the stock and housing markets.”

What are the implications of this study? First, the study reports, most Boomers have not received any inheritance. And for most Boomers who do receive an inheritance, that will occur during late middle age and in an amount that is unlikely to be life-changing.

Second, says study co-author Alicia H. Munnell, “the subject of inheritance among the Boomers can 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.”

Third, the report concludes, policymakers should not consider the study results a free pass not to engage in initiatives to boost Americans’ savings and promote longer working lives.

The MetLife Study of Inheritance and Wealth Transfer to Baby Boomers  
December 2010 (prepared by the Center for Retirement Research at Boston College)