

## Twitter Thread by Tom Calver



**Tom Calver**

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### ■ NEW: How fair is Britain?

Wealthy families are surprisingly good at hanging onto their riches from generation to generation.

Our bank of mum and dad - one of the most generous in Europe - is making things worse... <https://t.co/8PVzDjDw7y> @thetimes

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# The gift of youth

Percentage reporting having received a non-inherited gift from a family member by country and age group

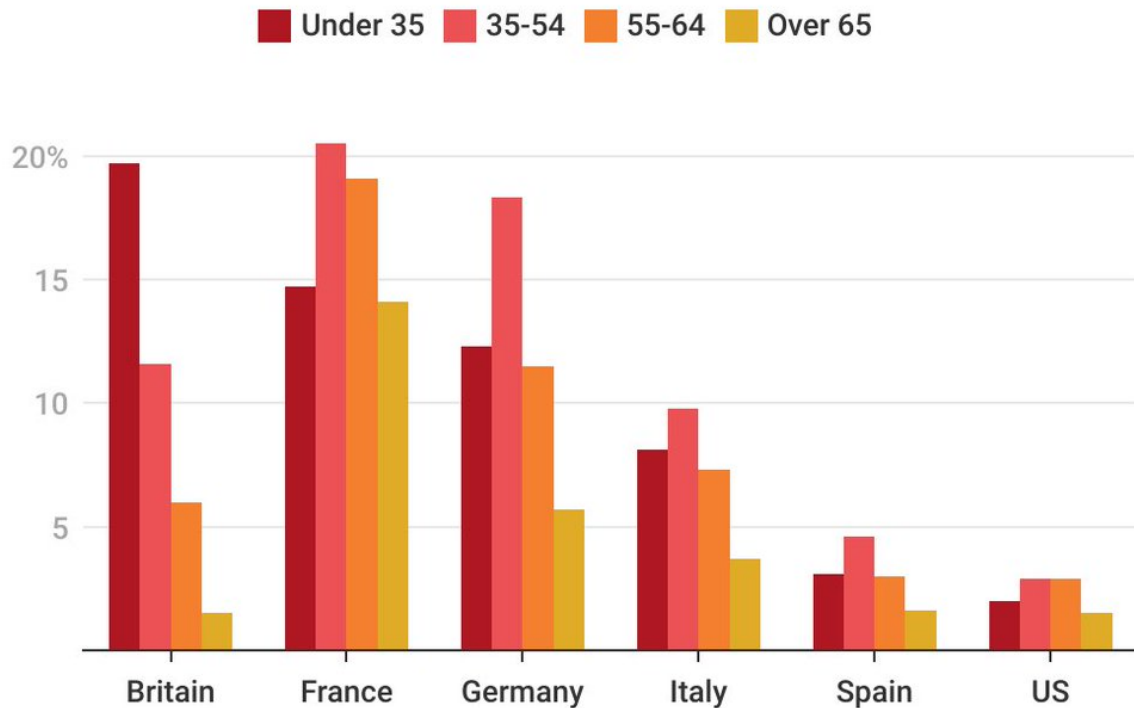


Chart: The Times and The Sunday Times • Source: IFS

A few years ago, researchers [@NJCummins](#) [@GregoryClarkUCD](#) tracked how the descendants of rich people who died between 1858-1887 got on.

Britain has since gotten more equal. But 5 generations later, those families who were rich in Victorian Britain were still rich in the 2000s!

# Keep it in the family

Relative household wealth of families whose ancestors died rich in 1858-1887, compared with the average. Society has become more equal, but the same rich families in Victorian Britain remain rich today

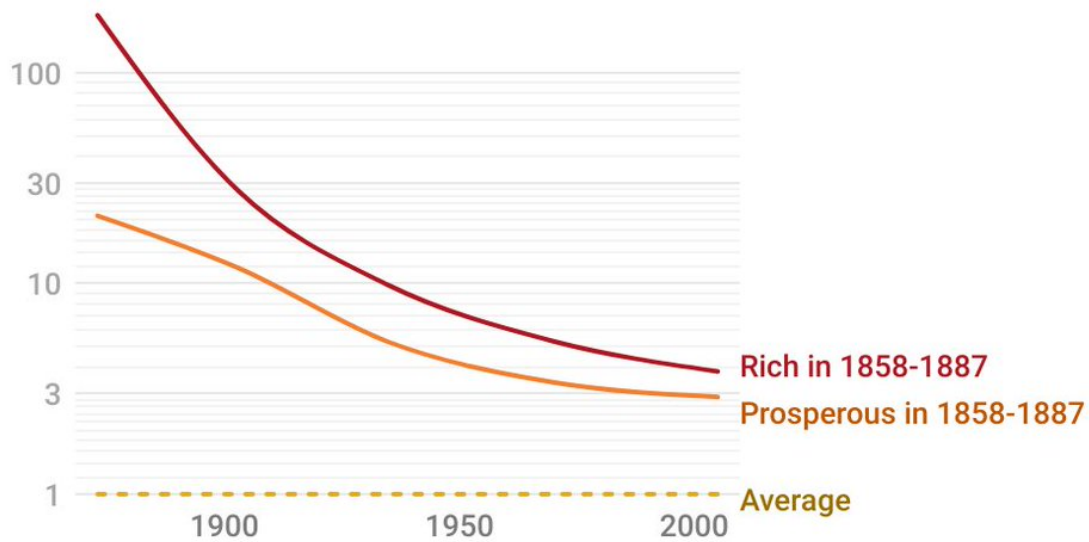


Chart uses logarithmic scale

Chart: The Times and The Sunday Times • Source: Clark and Cummins

It's therefore not surprising that the link between your parents' income and yours is strong in Britain, at least compared with other countries

In the Nordic countries, where wealth is distributed more evenly, it's harder to predict what you'll earn by looking at your parents

# Like father, like son

How much your income determines that of your children,  
by country

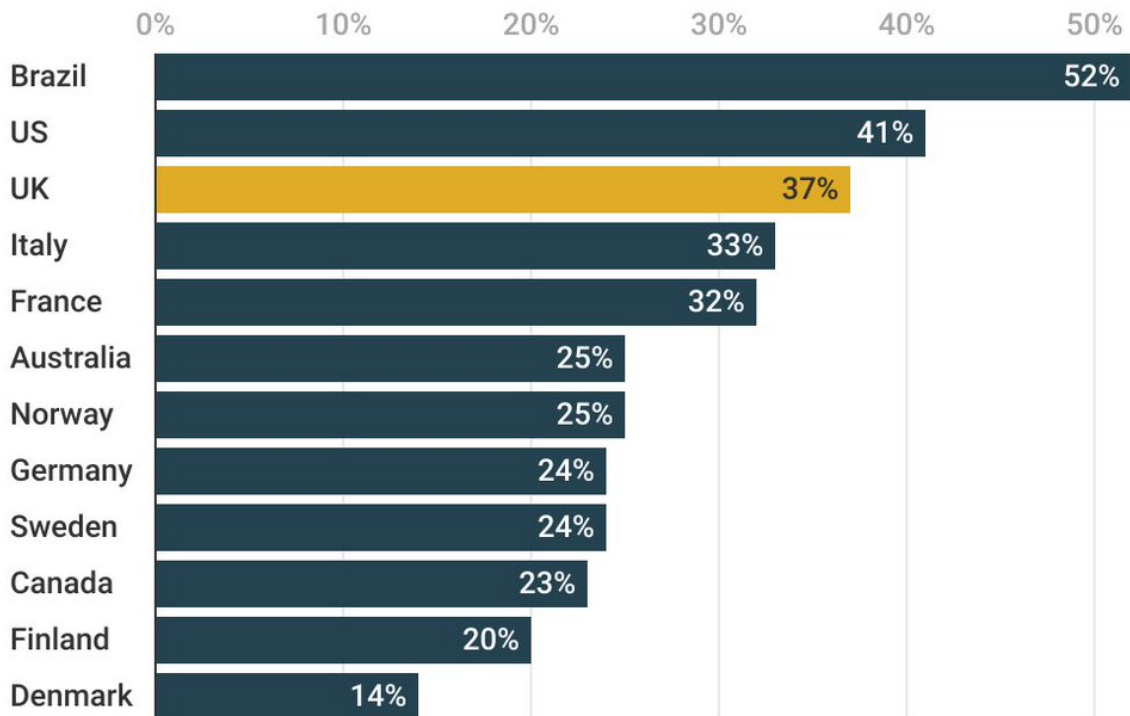


Chart: The Times and The Sunday Times • Source: Blanden et al

British families have always been good at passing down wealth.

But today, it matters more, even if millennials won't inherit until they're 61.

Young people are much less wealthy than their parents were at the same age..

# A bigger slice

The share of total household wealth held by each age group

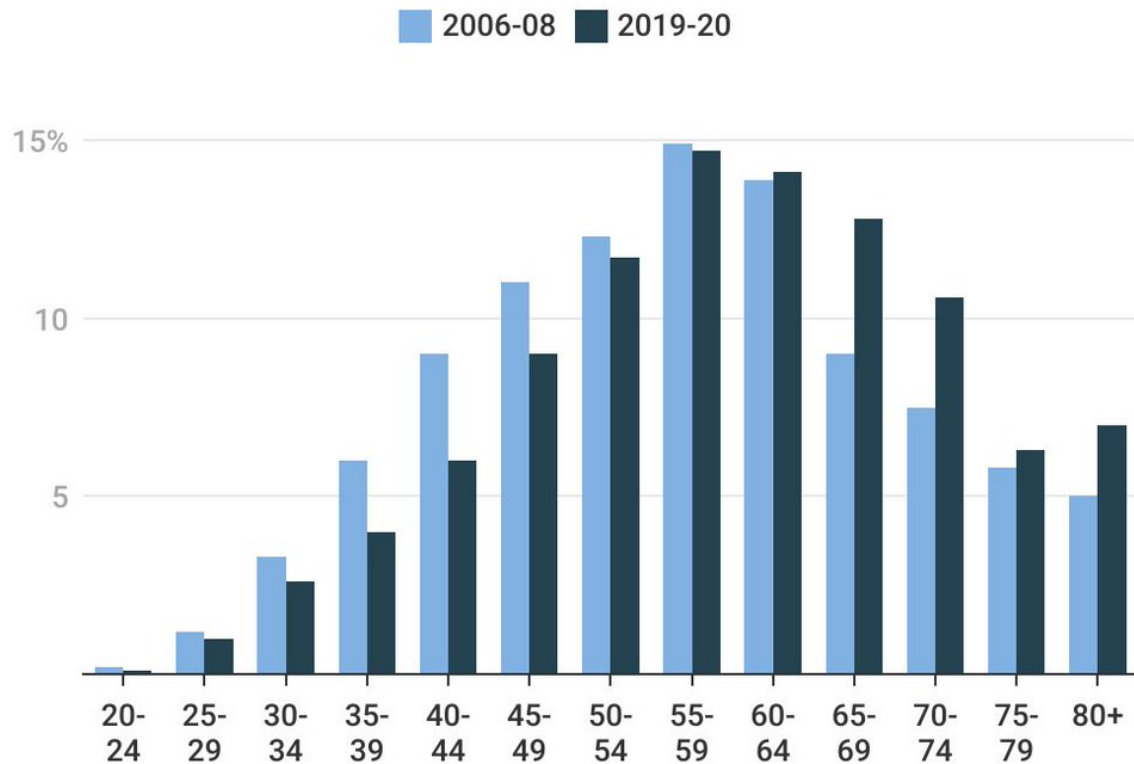


Chart: The Times and The Sunday Times • Source: Resolution

How did this happen? Three things stand out..

- Final salary pension schemes - many of which are now closed - allowed baby boomers to accumulate huge sums of wealth

- Stock market performance since the 1980s

# Wealth sources

## Household wealth by type and age

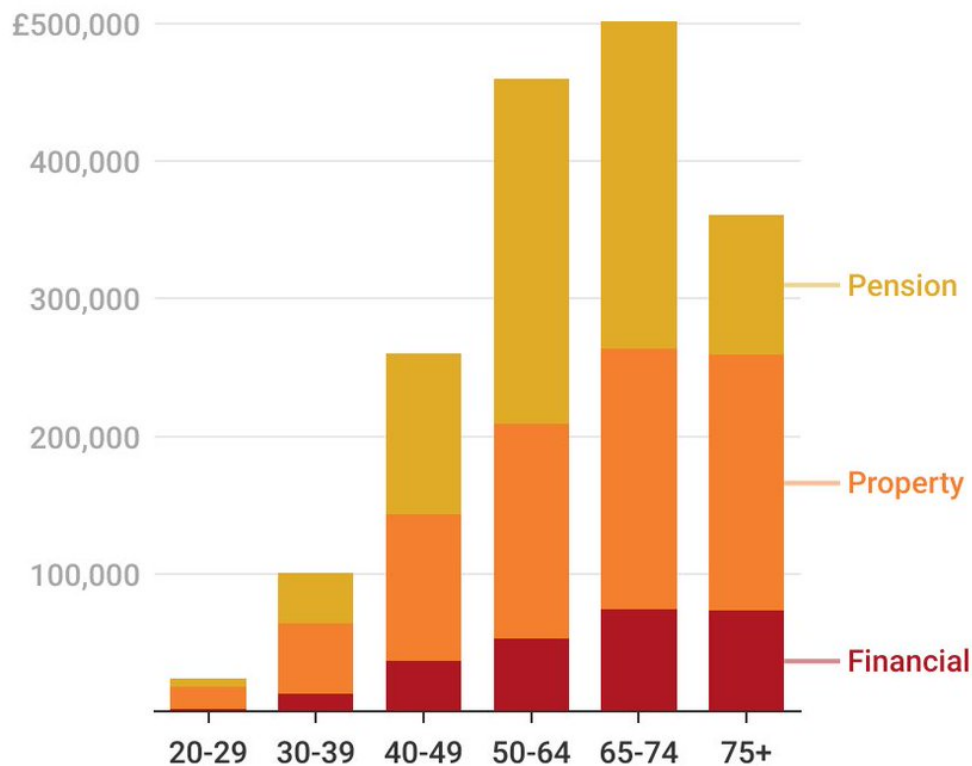


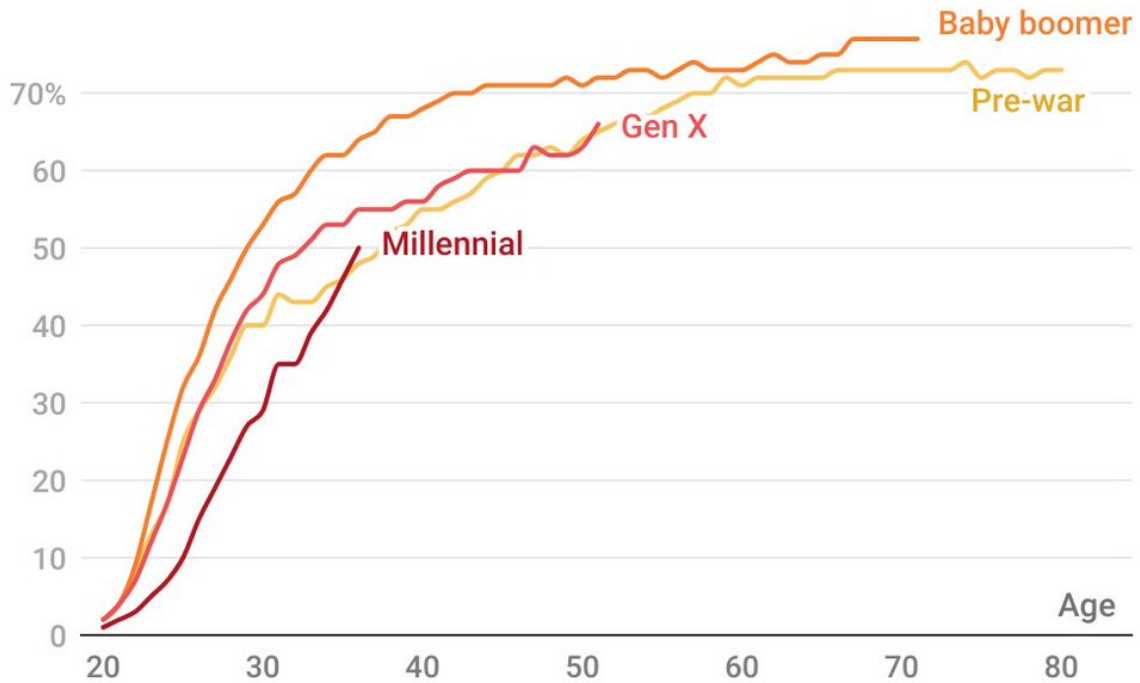
Chart: The Times and The Sunday Times • Source: Resolution

■ The third is property. Baby boomers bought much earlier than Millennials did.

This meant they were able to benefit from house price growth for longer...

# Late home

Homeownership rates by age and birth cohort. Millennials are buying much later than their parents



Millennials born 1981-95, Gen X 1966-80, Baby boomers 1946-65

Chart: The Times and The Sunday Times • Source: Adapted from Resolution Foundation

... and there was \*a lot\* of house price growth since baby boomers have bought their homes.

British homes have soared in price more than any other G7 nation, thanks partly to tight planning rules

# Riding high

Real-terms percentage change in house prices in G7 countries since 1970

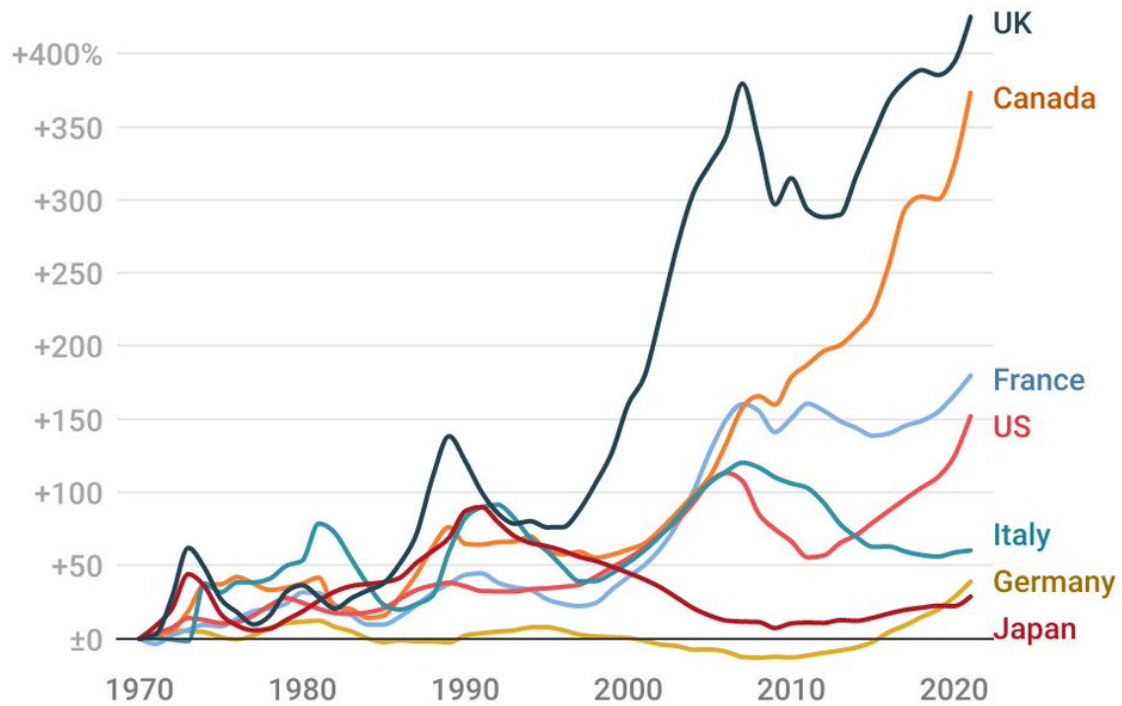


Chart: The Times and The Sunday Times • Source: OECD

For property purchases in Greater London, the average first-time buyer deposit is now a whopping £125,000

Most people who do buy in the capital, therefore, are turning to their wealthier parents...



# Deep deposits

The cost of a first-time buyer home in 2022 by region – and how much buyers had to pay upfront

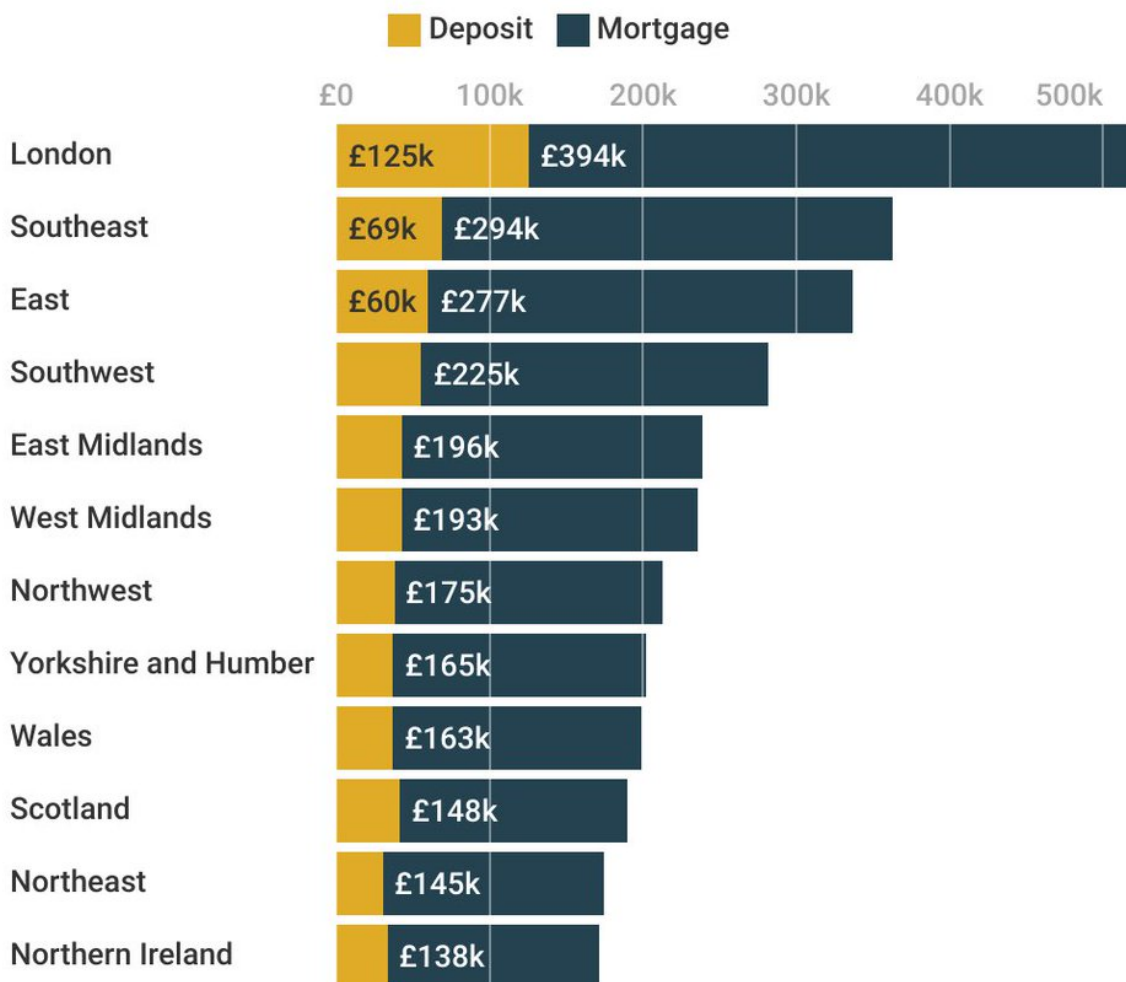


Chart: The Times and The Sunday Times • Source: Halifax

The bank of Mum and Dad lends  
£7.4bn a year to property purchases, making it the tenth-largest lender in Britain.

In fact, we are very unusual in our gift-giving: 20% of ■■ under-35s have received a substantial gift, vs 2% of those in ■■

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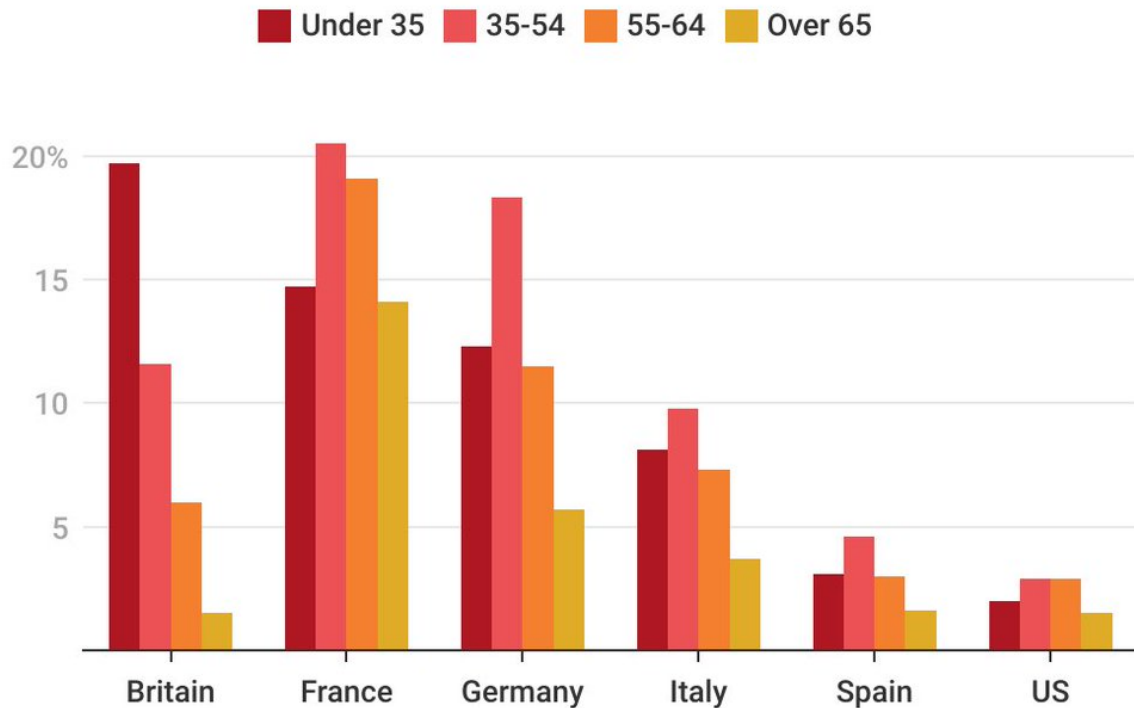


Chart: The Times and The Sunday Times • Source: IFS

The trouble is, this isn't really evening out inter-generational inequality.

Research from [@TheIFS](#) shows that people on higher incomes are much more likely to receive cash from their family

# Rich get richer

Share of young adults in their twenties and early thirties who received a transfer over an eight-year period, by income quintile

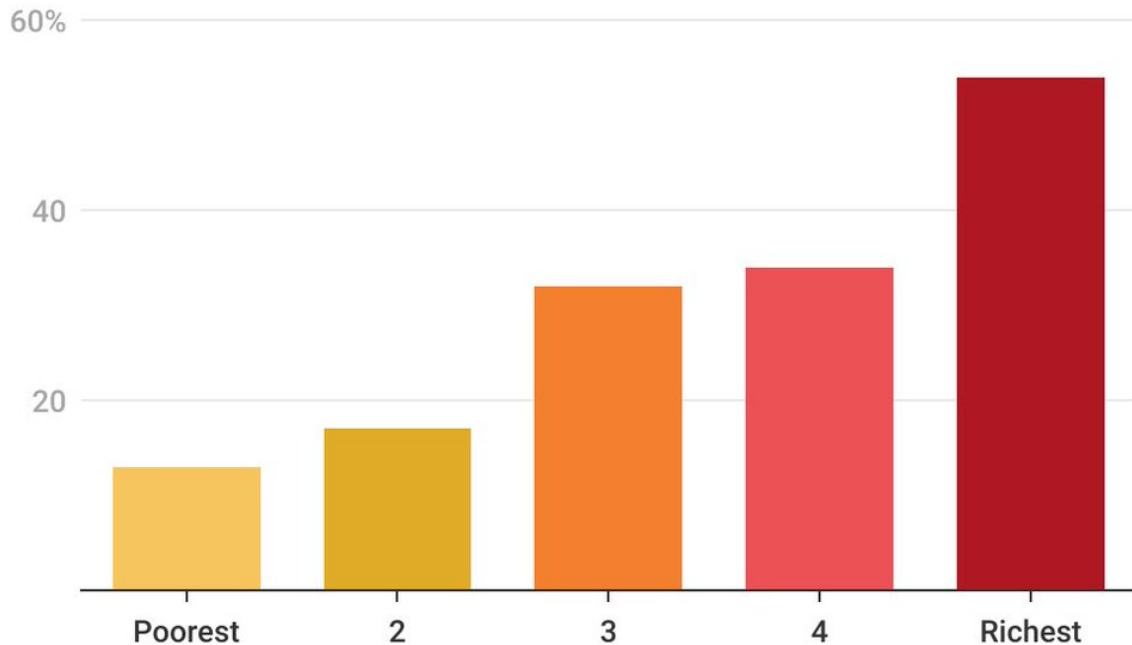


Chart: The Times and The Sunday Times • Source: IFS

Actually, as Lord Willets [@resfoundation](#) says, inheritance is much more egalitarian than gift giving, namely because home ownership is so high among pensioners...

More on what this means in tomorrow's Sunday Times

<https://t.co/8PVzDjDw7y>