



The Associated Press-NORC
Center for Public Affairs Research

THE IMPACT OF INTERGENERATIONAL WEALTH ON RETIREMENT

When it comes to financial security during retirement, intergenerational transfers of wealth create a snowball effect for Americans age 50 and older, according to new analysis by The AP-NORC Center for Public Affairs. Older Americans who received loans or gifts from parents or older relatives at some point in their adult lives are more likely to be the beneficiaries of inheritances, and are in turn more financially prepared for retirement and experience more flexibility in the decision about when to retire. Those older Americans who have not received loans or gifts from family have fewer options about when to retire, have fewer sources of income during retirement, and are more likely to bear the burden of providing financial support to their own parents as they age.

A recent study of wealth transfer in the United States estimates that \$58.1 trillion will be transferred from 93.6 million estates from 2007 through 2061.¹ But the chances of benefiting from this large wealth transfer are not equal. Older African American and Hispanic adults are far less likely to be the beneficiaries of major gifts and inheritances, and they are also far less likely to have a sufficient nest egg for retirement. However, even though Hispanic and African American adults are less likely to benefit from family wealth, these same groups are the most likely to provide financial assistance to parents or in-laws.

¹ John J. Havens and Paul G. Schervish. 2014. *A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report*. https://www.bc.edu/content/dam/files/research_sites/cwp/pdf/A%20Golden%20Age%20of%20Philanthropy%20Still%20Becons.pdf



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Three Things You Should Know About The AP-NORC Poll on Intergenerational Wealth and Retirement

Among Adults Age 50 and Older:

- 1) Those with an inheritance are more than twice as likely as those without one to feel prepared for retirement (38 percent vs. 17 percent).
- 2) Fifty-six percent think it is an adult child's responsibility to provide financial assistance to a parent if needed. Forty-six percent say it is a parent's responsibility to provide financial assistance to an adult child if needed.
- 3) Though Hispanics and African Americans are less likely than whites to benefit from family wealth, they are the most likely to provide financial assistance to parents or in-laws.

While demographic comparisons based on household income are standard in analyses of retirement planning attitudes and behavior, this study finds that focusing solely on household income tells only part of the retirement story. Delving into several ways that family members financially provide for one another, the survey finds that 21 percent of older Americans have received gifts or loans valued at \$10,000 or more in total from parents or other older relatives, and 44 percent have received or expect to receive an inheritance. Even after accounting for household income, these indicators of intergenerational family wealth play a substantial role in shaping attitudes toward and preparation for retirement.

Looking at older Americans' attitudes when it comes to familial financial responsibilities, 56 percent of adults age 50 and older say it is an adult child's responsibility to provide financial assistance to an aging parent who needs help, while 46 percent say it is a parent's responsibility to provide financial assistance to their adult child. Three in 10 older adults have helped their parents or in-laws financially, and 1 in 10 adults over the age of 50 are currently receiving financial help from family.

The AP-NORC Center, with funding from the Alfred P. Sloan Foundation, conducted 1,683 interviews with a nationally representative sample of adults age 50 and older using the AmeriSpeak® Panel. Findings from the survey, summarized below, yield important insights into the role of family wealth in retirement preparation for older Americans:

- Overall, 51 percent of adults age 50 and older say they have received at least one type of monetary gift or loan from a parent or other relative since turning 18. Forty-four percent of older Americans have received an inheritance from a family member or other loved one or expect to receive one in the future.
- Fifty-nine percent of older adults who have an inheritance say they are more excited than anxious about their retirement compared with 47 percent of older adults without an inheritance who say the same. Similarly, older Americans who have been given a financial loan or gift are more likely than those who have not to say they are mostly secure when it comes to being able to keep up with a mortgage (69 percent vs. 58 percent) and being able to pay for major unexpected medical expenses (49 percent vs. 42 percent) during retirement.
- Compared to those who do not expect to inherit assets from family, older Americans who have already received an inheritance or expect to receive one in the future are more than twice as likely to feel prepared for retirement (38 percent vs. 17 percent) and are less likely to say they are not prepared (25 percent vs. 44 percent).
- Older Americans who have received or expect to receive an inheritance are more likely to have a retirement account, income from the sale of physical assets, income from a trust fund, other investments, and other savings.
- While many older adults have inherited or expect to inherit assets from their parents or other family members, 31 percent of adults age 50 and older have provided financial support to their parents or their spouse's parents at some point.
- One in 10 Americans age 50 and older currently have family members helping with their regular expenses, including providing housing or helping to cover other monthly expenses such as utilities and groceries.

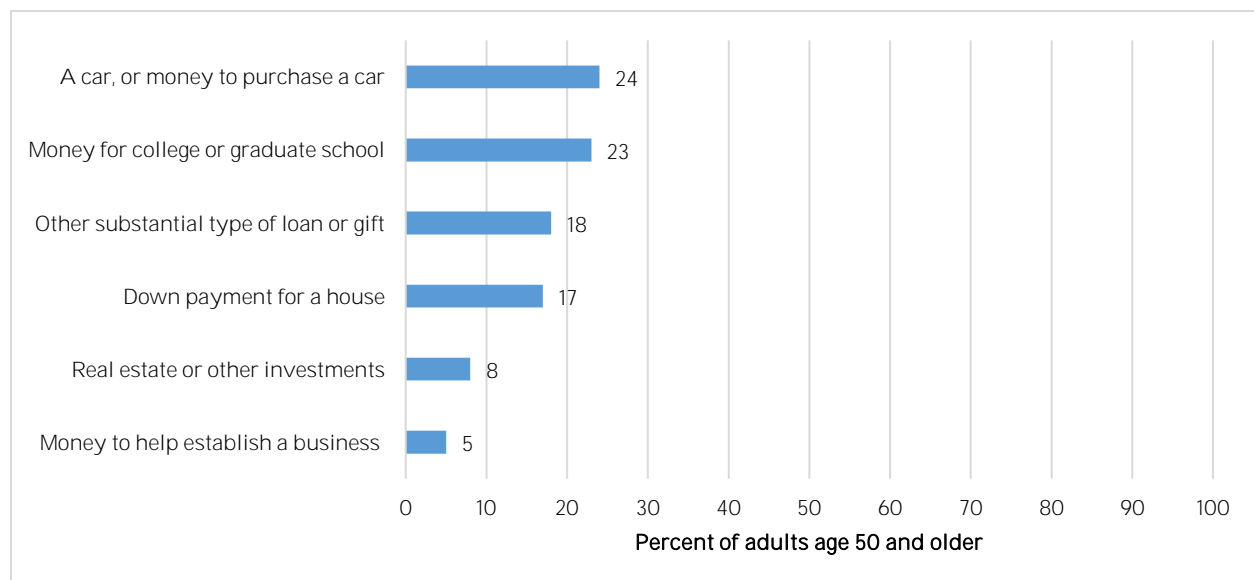
- Racial disparities emerge in intergenerational wealth transfer, with older white Americans being the most likely to receive large monetary gifts or inheritances. Eight percent of African Americans and 11 percent of Hispanics have received financial gifts totaling \$10,000 or more, compared with 24 percent of whites. Similarly, whites (51 percent) are more than twice as likely as African Americans (16 percent) and Hispanics (24 percent) to say they have or will receive an inheritance.
- Overall, older white Americans are nearly twice as likely as African Americans to say they have a sufficient nest egg for retirement (38 percent vs. 20 percent).

HALF OF ALL OLDER AMERICANS BENEFIT FROM INTERGENERATIONAL WEALTH.

Half of all Americans age 50 and older have been the recipients of a monetary gift or family loan since becoming an adult. And nearly half of older Americans have already or expect to receive an inheritance.²

Overall, 51 percent of adults age 50 and older say they have received at least one type of monetary gift or loan from a parent or other relative since turning 18, including 30 percent who have received loans or gifts valued at \$10,000 or less and 21 percent who have received loans or gifts of \$10,000 or more. Most often, they were given money for a car or to go to college or graduate school.

Forms of financial assistance in adulthood.



Question: Since you turned 18, have your parents or other older relatives ever given you the following as gifts or loans, or is **this something you haven't received?**

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

² Questions: Some people receive an inheritance from a family member or loved one upon that person's passing. This could take different forms, including gifts or distributions made in advance of a person's passing. Have you ever received an inheritance?

Do you expect to receive an inheritance in the future?

Inheritances are slightly less common. Thirty-seven percent of older Americans have received an inheritance from a family member or other loved one, and another 7 percent say they expect to receive an inheritance in the future. Forty-seven percent do not expect an inheritance and 8 percent are unsure.

FAMILY WEALTH PROVIDES OLDER AMERICANS WITH A SENSE OF SECURITY WHEN IT COMES TO SEVERAL ASPECTS OF RETIREMENT.

Adults age 50 and older who have an inheritance are less likely to express anxiety about their retirement. In particular, they are less likely to feel anxious about their physical health and their mortgage payments during retirement. Similarly, those who have been given financial assistance in the form of gifts or loans as adults express less anxiety about their mortgage and unexpected medical bills.

Fifty-nine percent of older adults who have an inheritance say they are more excited than anxious about their retirement compared with 47 percent of older adults without an inheritance who say the same. Those who have an inheritance are also more likely to say they are mostly secure when it comes to the amount of savings they have for retirement (54 percent vs. 37 percent), being able to keep up with their housing payments (72 percent vs. 58 percent), and being able to pay for major unexpected medical expenses (53 percent vs. 40 percent).

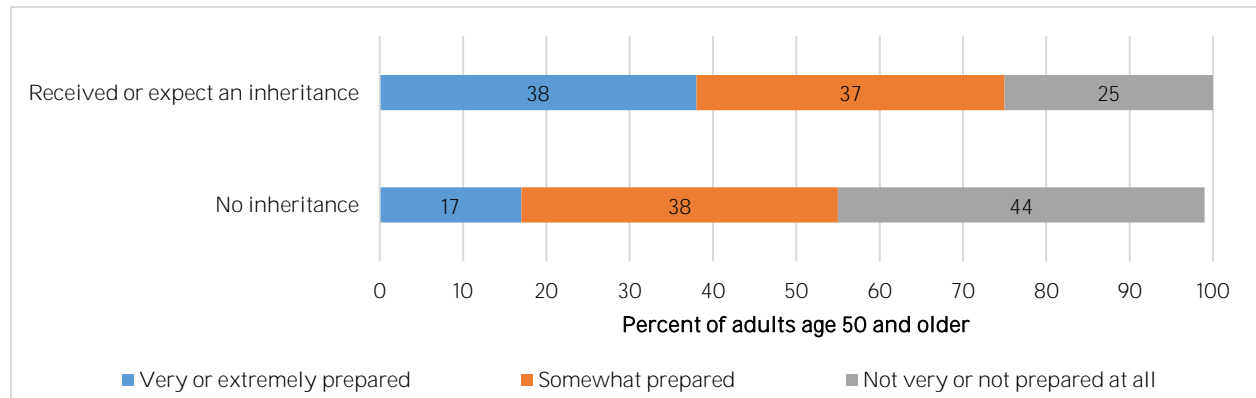
Older Americans who have been given a financial loan or gift are more likely than those who have not to say they are mostly secure when it comes being able to keep up with a mortgage (69 percent vs. 58 percent) and being able to pay for major unexpected medical expenses (49 percent vs. 42 percent) during retirement.

Retired Americans who have been given financial assistance as adults feel that they had more choice in their decision about when to retire. Those who have been given a gift or loan are more likely to say they were able to retire by choice than retired Americans who were not given this type of monetary assistance (70 percent vs. 62 percent). They are also more likely to say that the reason they retired was because they wanted to do something else with their lives (33 percent vs. 20 percent).

OLDER AMERICANS WITH INHERITANCES FEEL MORE PREPARED FOR RETIREMENT.

Compared to those who do not expect to inherit assets from family, older Americans who have already received an inheritance or expect to receive one in the future are more than twice as likely to feel prepared for retirement (38 percent vs. 17 percent) and are less likely to say they are not prepared (25 percent vs. 44 percent).

Those with family inheritances have more confidence about their financial preparedness for retirement.



Questions: [If not retired:] Regardless of how far down the road it might be, how financially prepared do you feel for retirement? **Would you say...?**

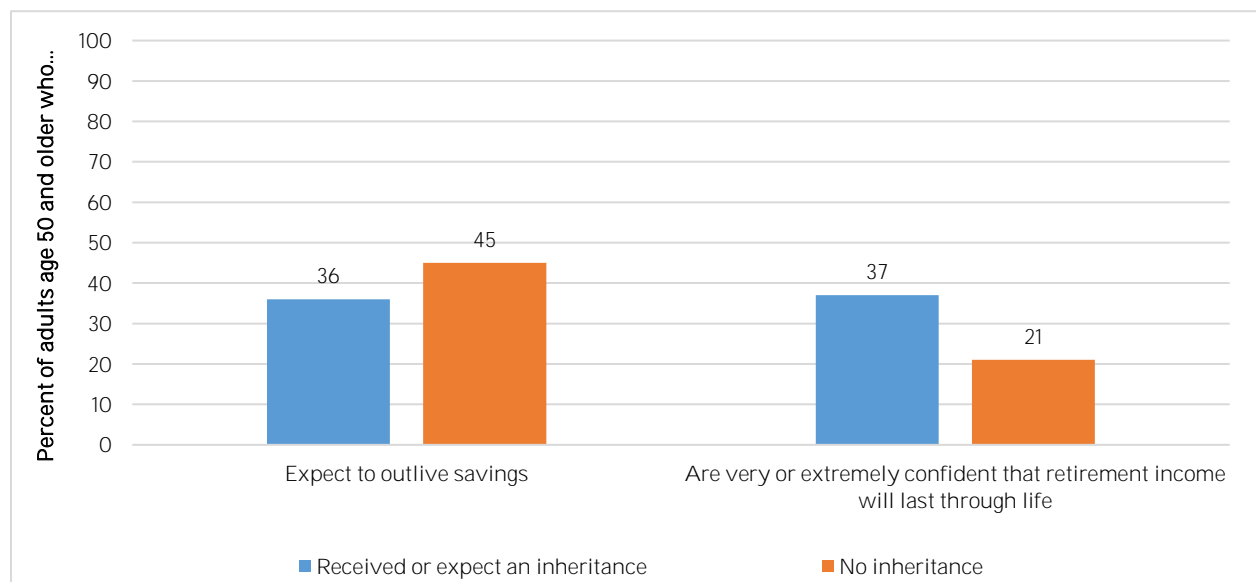
[If retired:] How financially prepared were you when you retired? **Would you say...?**

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

Those with inheritances also feel happier with the amount of money they have been able to save for retirement. This holds true for older Americans at varying places in their lives. Among those who are currently working, those with an inheritance are twice as likely to say they have saved enough for retirement over the past 10 years (29 percent vs. 12 percent). Among retirees, those with an inheritance are more likely to say they saved enough during the 10 years before they retired (57 percent vs. 38 percent).

Furthermore, those with an inheritance are less likely than those without one to say that they expect to outlive their savings, and are more likely to be confident that their retirement income will last through the remainder of their life.

Older adults with family inheritances are generally more optimistic about their financial futures than those without.



Questions: **Thinking about your retirement savings, do you think it's most likely that you will outlive your savings, your savings will outlive you, or your savings will be just about right to cover your needs throughout your retirement?**

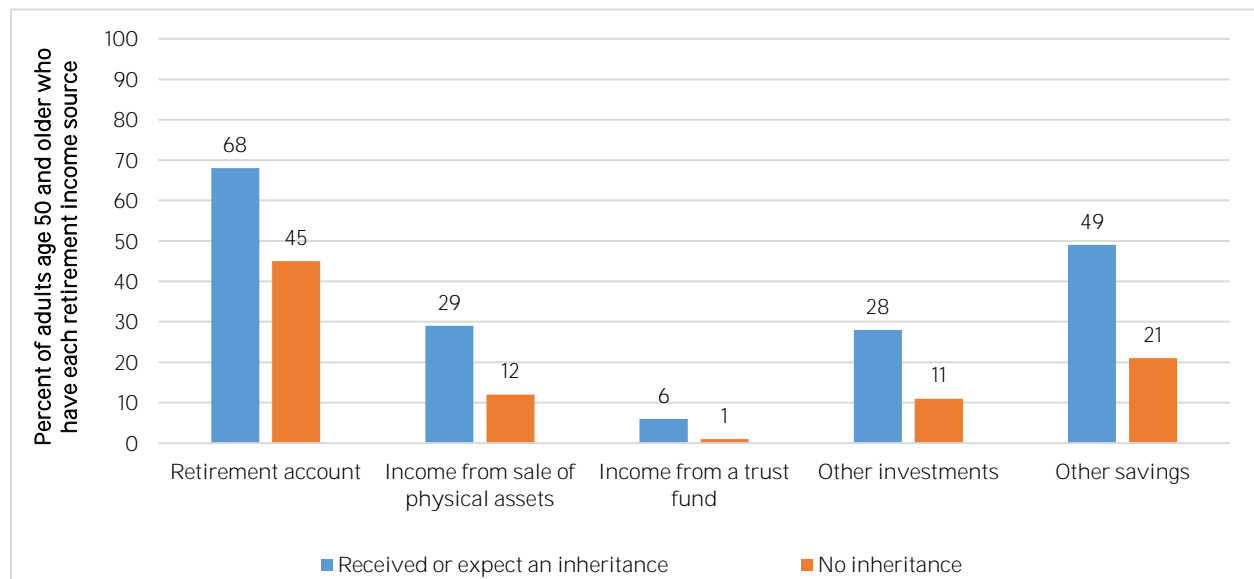
How confident are you that your total retirement income will last through the remainder of your life?

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

OLDER AMERICANS WITH INHERITANCES TEND TO HAVE MORE OPTIONS FOR SOURCES OF RETIREMENT INCOME.

As highlighted in the findings of a 2016 AP-NORC report³, those with higher household incomes are more likely to have many types of retirement income sources than those with lower income levels. But even after accounting for household income, there are differences in access to these sources related to having an inheritance. Older Americans who have received or expect to receive an inheritance are more likely to have a retirement account, income from the sale of physical assets, income from a trust fund, other investments, and other savings.

Those who stand to inherit family wealth are also more likely to have a number of additional sources of retirement income.



Questions: For each of the following, please tell me if you have this source, or not. If you are unsure, you can tell me that too.
How about...?

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

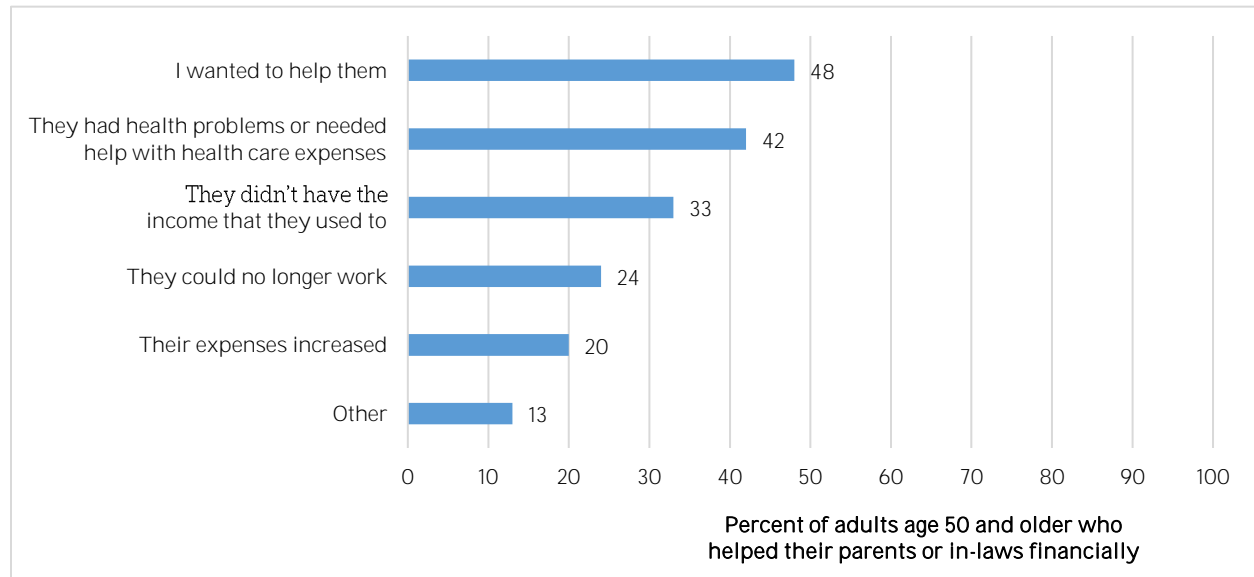
A THIRD OF OLDER AMERICANS HAVE PROVIDED FINANCIAL SUPPORT TO THEIR PARENTS OR IN-LAWS.

While many older adults have inherited or expect to inherit assets from their parents or other family members, 31 percent of adults age 50 and older have provided financial support to their parents or spouses' parents at some point. Thirty-four percent of this group has only provided support on one or two occasions, but the remainder have done so more often; with 30 percent saying they provide support a few times a year and 35 percent providing support on a regular basis.

³ AP-NORC Center for Public Affairs Research. 2016. Retirement Planning in America: Anxiety, Inequality, and the Role of Social Security. http://www.apnorc.org/PDFs/Working%20Longer%202016/2016-05%20AP-NORC%20Retirement_DTPB_v2r4.pdf

Older Americans have a variety of reasons for offering this support, including both a general sense of wanting to provide financial help, as well as specific needs faced by their parents and in-laws. Based on these reasons, it is not surprising that those who say they have provided financial assistance to parents or in-laws are more likely to say that they have not received and do not expect to receive an inheritance than those who have not helped their parents financially (56 percent vs. 43 percent).

Older adults who financially support their parents or in-laws do so for a variety of reasons.



Question: Which of these best describes how often you helped your parents or in-laws financially? Please select all that apply.

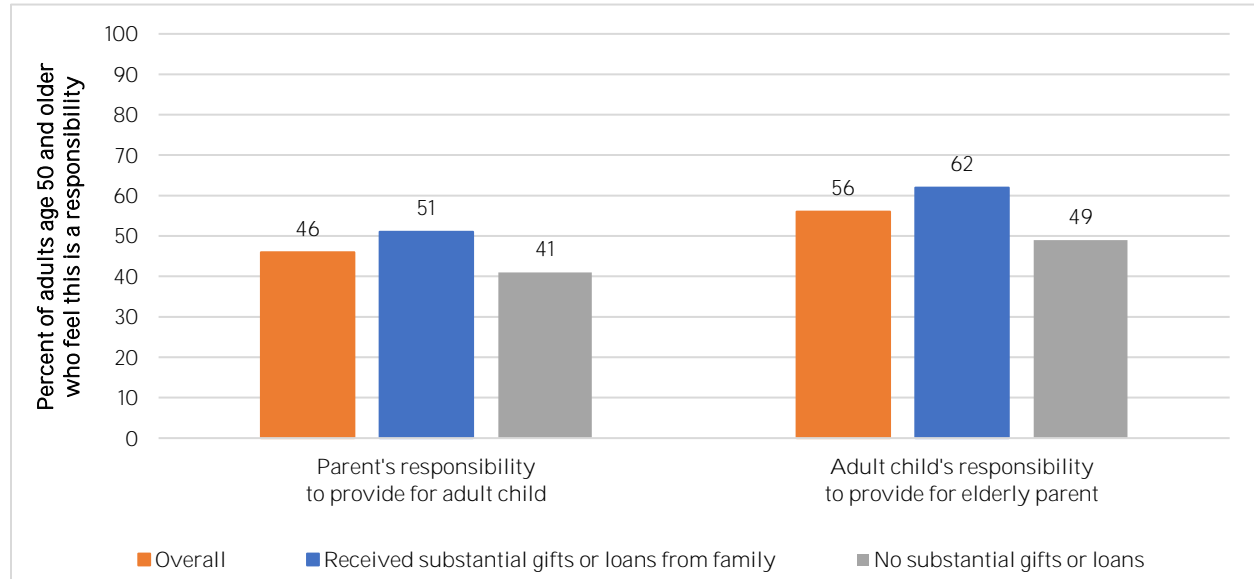
Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

A MAJORITY OF OLDER AMERICANS BELIEVE IT'S AN ADULT CHILD'S RESPONSIBILITY TO FINANCIALLY PROVIDE FOR AN AGING PARENT IF NEEDED.

When asked to think about the types of things family members sometimes do to help one another, 56 percent of Americans age 50 and older think it is an adult child's responsibility to provide financial assistance to a parent if needed. Forty-six percent say that it is a parent's responsibility to provide financial assistance to an adult child if needed.

Those who have received a gift or loan from their families are more likely than others to feel that there is a sense of financial responsibility between family members that extends in both directions. This group is more likely than those who have not received such gifts to agree both that it is a parent's responsibility to provide financial assistance to an adult child who needs help (51 percent vs. 41 percent) and that it is an adult child's responsibility to provide financial assistance to an elderly parent who needs help (62 percent vs. 49 percent).

A majority of those who have received substantial amounts of money from family members in the past feel that parents and adult children should help one another when financial needs arise.



Questions: Thinking about things family members sometimes do for each other, do you think it is a parent's responsibility to provide financial assistance to an adult child if he or she needs it, or is this not really a parent's responsibility?

Thinking about things family members sometimes do for each other, do you think it is the responsibility of an adult child to provide financial assistance to an elderly parent if he or she needs it, or is this not really the responsibility of an adult child?

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

FEW OLDER AMERICANS CURRENTLY HAVE FAMILY MEMBERS HELPING THEM OUT FINANCIALLY.

Although a third of older Americans have provided financial support to parents or in-laws, few receive financial assistance from family members themselves. One in 10 Americans age 50 and older currently have family members helping with their regular expenses, including providing housing or helping to cover other monthly expenses such as utilities and groceries.

Lower-income Americans are more than twice as likely to get help with regular expenses from family as those making at least \$60,000 per year. Fourteen percent of those with incomes of less than \$30,000 per year and 13 percent of those with incomes between \$30,000 and \$60,000 receive regular assistance from family, compared with just 6 percent of those making \$60,000 or more per year.

Among the few older Americans who are receiving financial help from family, most still cover a majority of their own regular expenses. Only 25 percent have family covering more than half of their expenses, including 12 percent whose family covers more than three quarters of their expenses.

Similarly, few adults age 50 and older say they have family members who might help cover their regular expenses while they're retired. Just 14 percent have relatives who might help financially during their retirement.

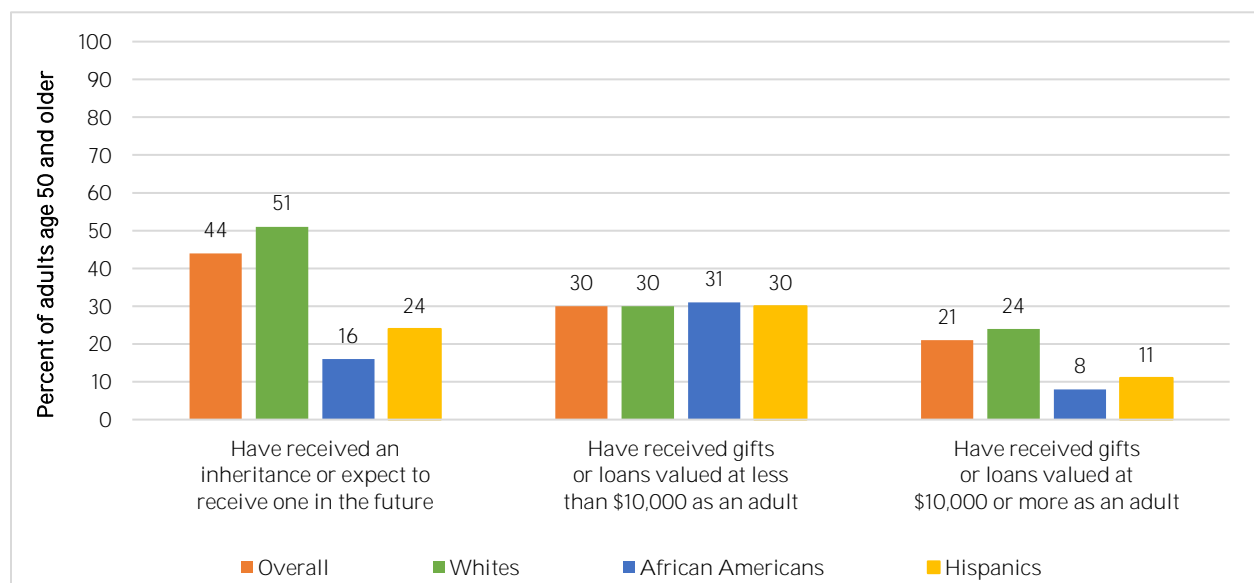
Those who have benefited from family wealth in the form of financial gifts are more likely to say they have family members who might help. Seventeen percent of those who have received financial gifts or loans in the past say they have family who might help cover expenses during retirement, compared with 11 percent of those who have not received such gifts.

Further, older Americans who say parents and children have financial responsibilities to one another are more likely to have family who might help out with expenses during retirement.

WHITES ARE MORE LIKELY THAN AFRICAN AMERICANS OR HISPANICS TO RECEIVE LARGE GIFTS OR INHERITANCES.

Racial disparities emerge in intergenerational wealth transfer, with older white Americans being the most likely to receive large monetary gifts or inheritances. Few African Americans or Hispanics have received financial gifts totaling \$10,000 or more, and most have not received a financial gift at all. Similarly, whites are more than twice as likely as African Americans and Hispanics to say they have or will receive an inheritance.

Few African Americans or Hispanics have received an inheritance or large gift or loan from a family member.



Questions: Since you turned 18, have your parents or other older relatives ever given you the following as gifts or loans, or **is this something you haven't received?** Would you estimate that the total amount that your parents or older relatives gave you in gifts or loans to be \$10,000 or less, or more than \$10,000?

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

Though Hispanic and African American adults are less likely to benefit from family wealth, these same groups are the most likely to provide financial assistance to parents or in-laws. Forty-six percent of Hispanics age 50 and older and 38 percent of African Americans have helped their parents or in-laws financially, including providing housing or helping to cover other expenses, compared with 28 percent of whites.

Attitudes about adult children helping elderly parents also vary based on race and ethnicity. Whites are less likely than African Americans to say that adult children have a responsibility to help parents if they need it (56 percent vs. 64 percent), but are more likely than Hispanics to say so (56 percent vs. 44 percent).

BEYOND WEALTH, RACIAL AND ETHNIC MINORITIES HAVE DISPARATE RETIREMENT EXPERIENCES COMPARED TO WHITES.

In addition to racial and ethnic differences in family wealth, African Americans and Hispanics have less financial security than whites and will rely on fewer sources of income during retirement.

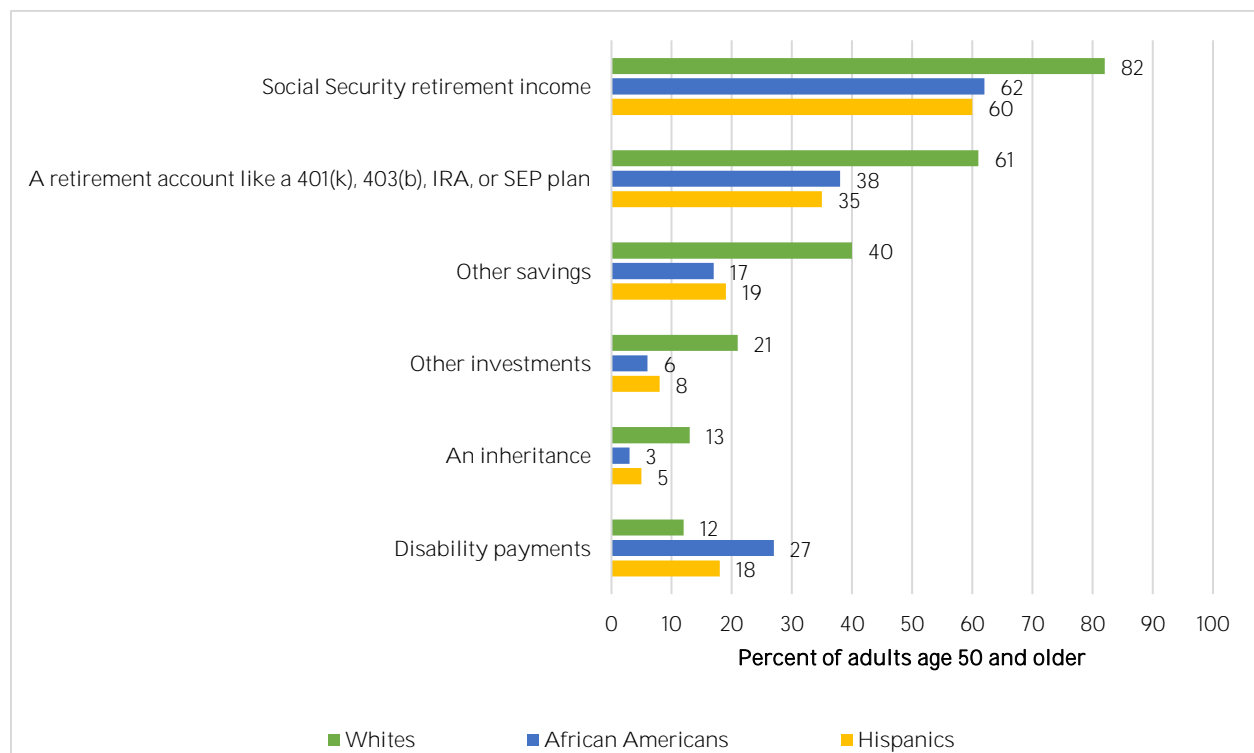
Overall, older white Americans are nearly twice as likely as African Americans to say they have a sufficient nest egg for retirement. Thirty-eight percent of whites age 50 and older report that they've saved enough for retirement, compared with 20 percent of African Americans.

On average, white adults age 50 and older have three sources of income for retirement, compared with two sources each for older African Americans and Hispanics. White adults are also less likely to have no sources of retirement income at all; just 4 percent of whites report having no retirement income sources compared with 14 percent of both Hispanic and African American adults.

In addition to disparities by race and ethnicity in the number of sources of retirement income available to older adults, the types and sources of this income vary.

Whites are more likely than African Americans and Hispanics to have Social Security, a retirement account like a 401k or IRA, an inheritance, other investments, or other savings as retirement funds. On the other hand, older African Americans are more likely than older whites to say they have disability payments as a source of retirement income.

White Americans age 50 and older are more likely than African American or Hispanic adults to have access to a number of sources of retirement income.



Question: **We're interested in any sources of income you have for retirement.** For each of the following, please indicate if you have this source, or not. **How about...?**

Source: AP-NORC Center poll conducted February 14 to March 13, 2017, with 1,683 adults age 50 and older nationwide

ABOUT THE STUDY

Study Methodology

This survey was conducted by The Associated Press-NORC Center for Public Affairs Research and with funding from the Alfred P. Sloan Foundation. Data were collected using AmeriSpeak®, NORC's probability-based panel designed to be representative of the U.S. household population. During the initial recruitment phase of the panel, randomly selected U.S. households were sampled with a known, non-zero probability of selection from the NORC National Sample Frame and then contacted by U.S. mail, email, telephone, and field interviewers (face-to-face). The panel provides sample coverage of approximately 97% of the U.S. household population. Those excluded from the sample include people with P.O. Box only addresses, some addresses not listed in the USPS Delivery Sequence File, and some newly constructed dwellings.

Interviews for this survey were conducted between February 14 and March 13, 2017, with adults age 50 and over representing the 50 states and the District of Columbia. Panel members were randomly drawn from AmeriSpeak, and 1,683 completed the survey—1,049 via the web and 634 via telephone. The sample also included oversamples of African American and Hispanic adults—332 African Americans and 308 Hispanics. Interviews were conducted in both English and Spanish, depending on respondent preference.

The final stage completion rate is 39.5 percent, the weighted household panel response rate is 34.4 percent, and the weighted household panel retention rate is 94.7 percent, for a cumulative response rate of 12.8 percent. The overall margin of sampling error is +/- 3.0 percentage points at the 95 percent confidence level, including the design effect. Among subgroups, the margin of sampling error at the 95 percent confidence level is +/- 3.5 percentage points for African Americans and +/- 4.6 percentage points for Hispanics.

Once the sample has been selected and fielded, and all the study data have been collected and made final, a poststratification process is used to adjust for any survey nonresponse as well as any noncoverage or under- and oversampling resulting from the study-specific sample design. Poststratification variables included age, gender, Census division, race/ethnicity, and education. Weighting variables were obtained from the 2016 Current Population Survey. The weighted data reflect the U.S. population of adults age 50 and over.

All differences reported between subgroups of the U.S. population are at the 95 percent level of statistical significance, meaning that there is only a 5 percent (or lower) probability that the observed differences could be attributed to chance variation in sampling.

A comprehensive listing of the questions, complete with tabulations of top-level results for each question, is available on The AP-NORC Center website: www.apnorc.org. For more information, email info@apnorc.org.

CONTRIBUTING RESEARCHERS

From NORC at the University of Chicago

Becky Reimer
Emily Alvarez
Liz Kantor
Jennifer Benz
Trevor Tompson
Dan Malato
David Sterrett

From The Associated Press

Emily Swanson

ABOUT THE ASSOCIATED PRESS-NORC CENTER FOR PUBLIC AFFAIRS RESEARCH

The AP-NORC Center for Public Affairs Research taps into the power of social science research and the highest-quality journalism to bring key information to people across the nation and throughout the world.

- The Associated Press (AP) is the world's essential news organization, bringing fast, unbiased news to all media platforms and formats.
- NORC at the University of Chicago is one of the oldest and most respected, independent research institutions in the world.

The two organizations have established The AP-NORC Center for Public Affairs Research to conduct, analyze, and distribute social science research in the public interest on newsworthy topics, and to use the power of journalism to tell the stories that research reveals.

The founding principles of The AP-NORC Center include a mandate to carefully preserve and protect the scientific integrity and objectivity of NORC and the journalistic independence of AP. All work conducted by the Center conforms to the highest levels of scientific integrity to prevent any real or perceived bias in the research. All of the work of the Center is subject to review by its advisory committee to help ensure it meets these standards. The Center will publicize the results of all studies and make all datasets and study documentation available to scholars and the public.