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Who gives and receives lifetime gifts and loans?

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Economic
and Social
Research Council

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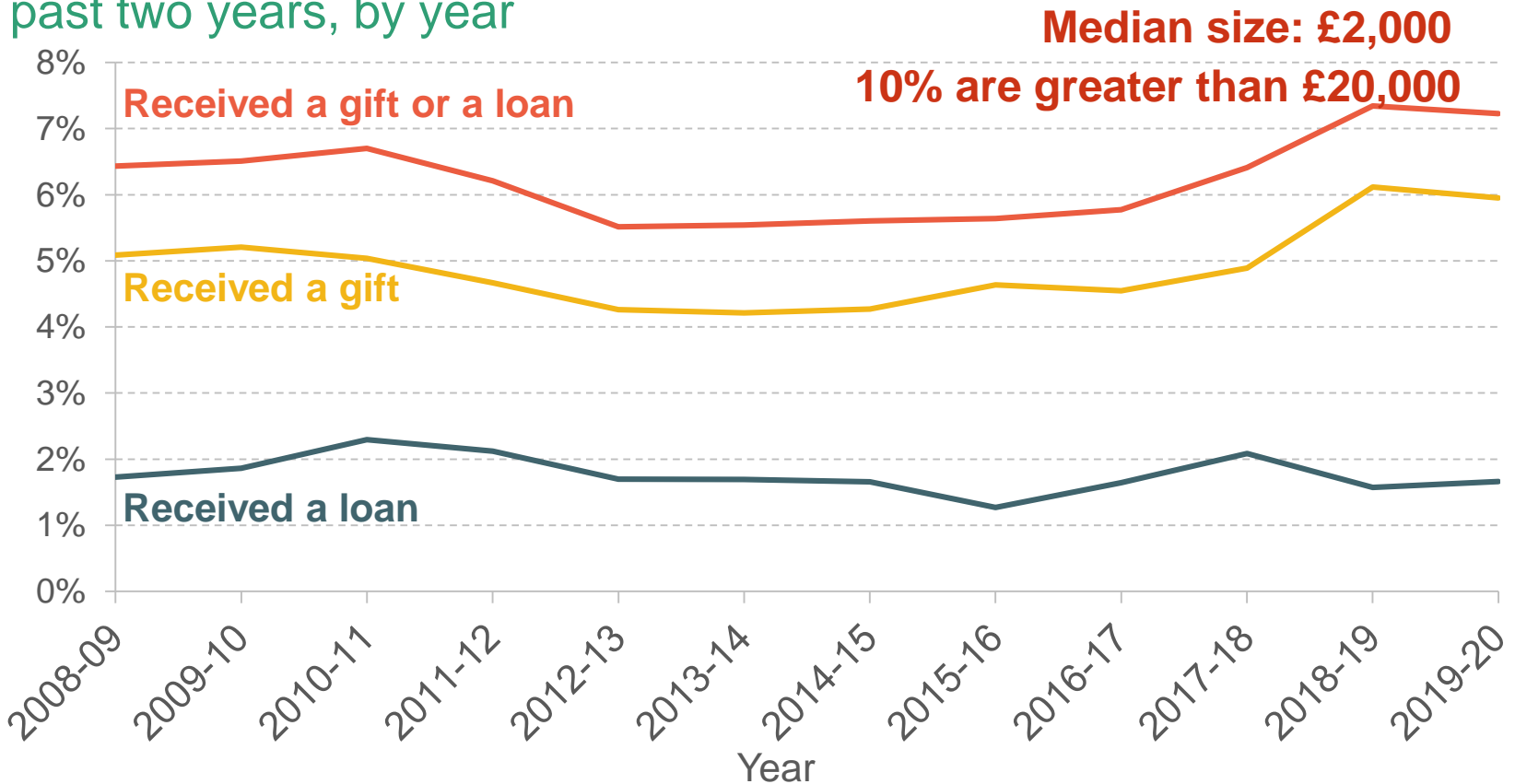
- Increasing levels of wealth held by those at older ages alongside stagnant average earnings for those of working age
 - Inherited wealth is growing relative to incomes
 - But inheritances will be received progressively later in life

- Transfers made *during life* worthy of particular focus
 - May be becoming more common, larger, or more consequential
 - Possible that they are given in response to events or needs in the life of the giver or receiver
 - Relatively little known about who gives/receives and why

- We examine new data from the Wealth and Assets Survey (2006-20)
 - Covers gifts and loans of £500 or more, given and received

Gift receipt has become slightly more prevalent in recent years

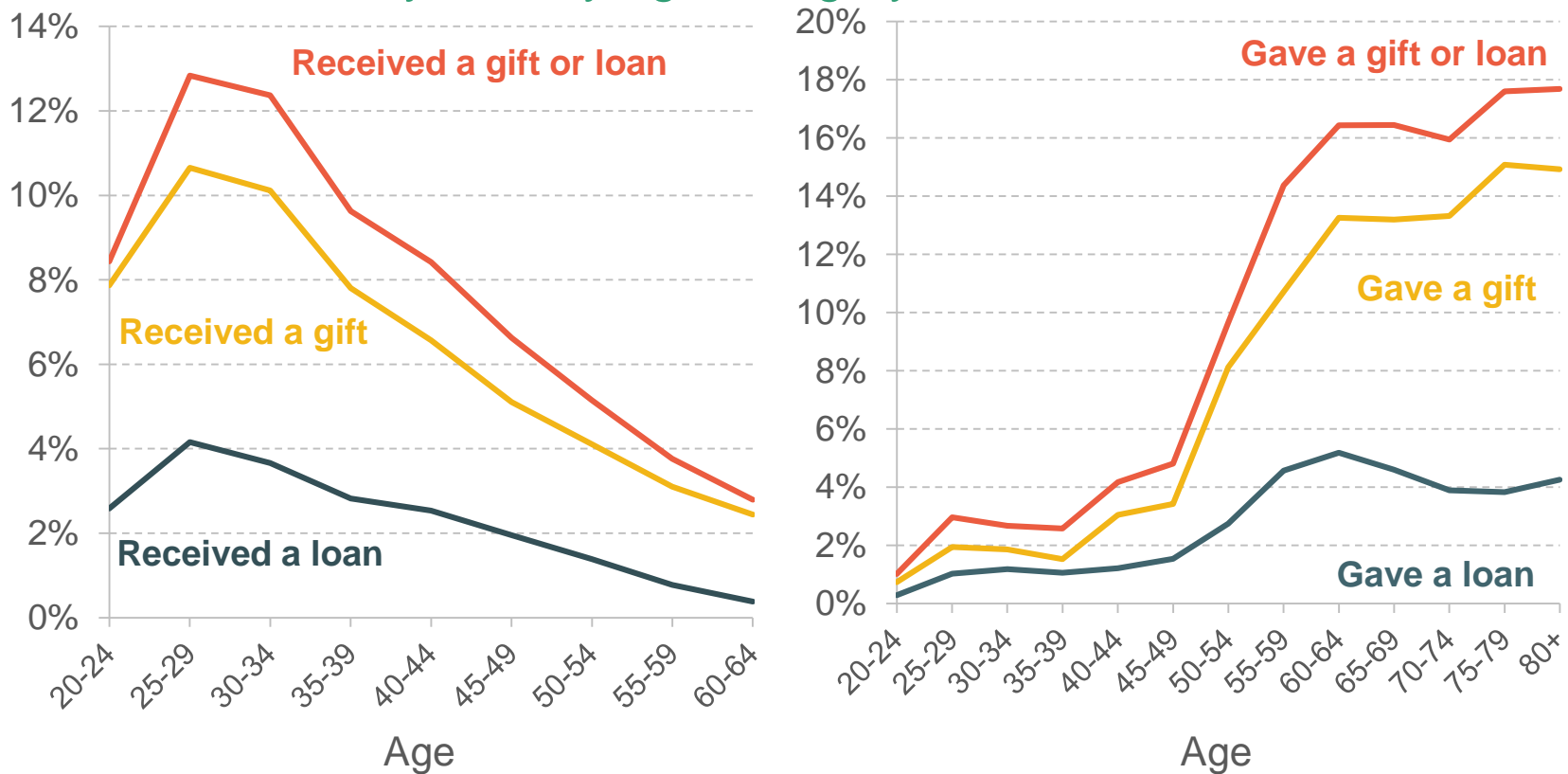
Percentage of adults reporting receipt of at least one transfer over the past two years, by year



Source: Figure 2 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

Transfers are given from the old to the young

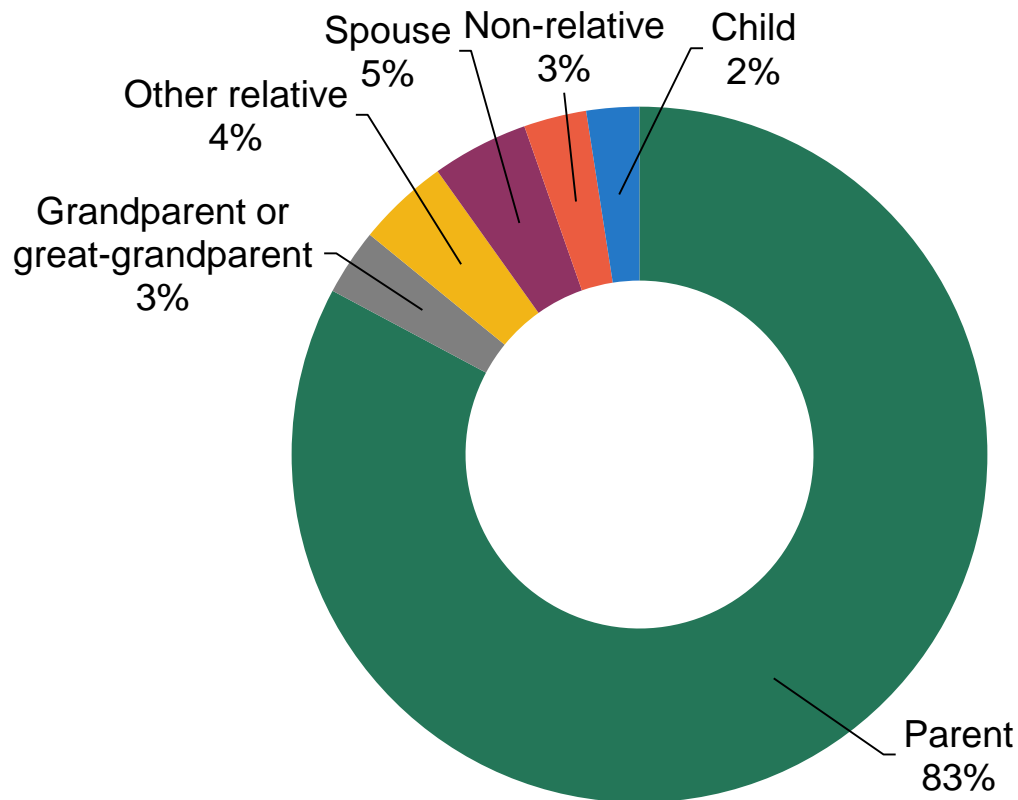
Proportion of adults reporting receiving/giving at least one transfer over the last two years, by age category



Source: Figure 4 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

The majority of gift value is received from parents

Proportion of gift value, by relation of giver to receiver

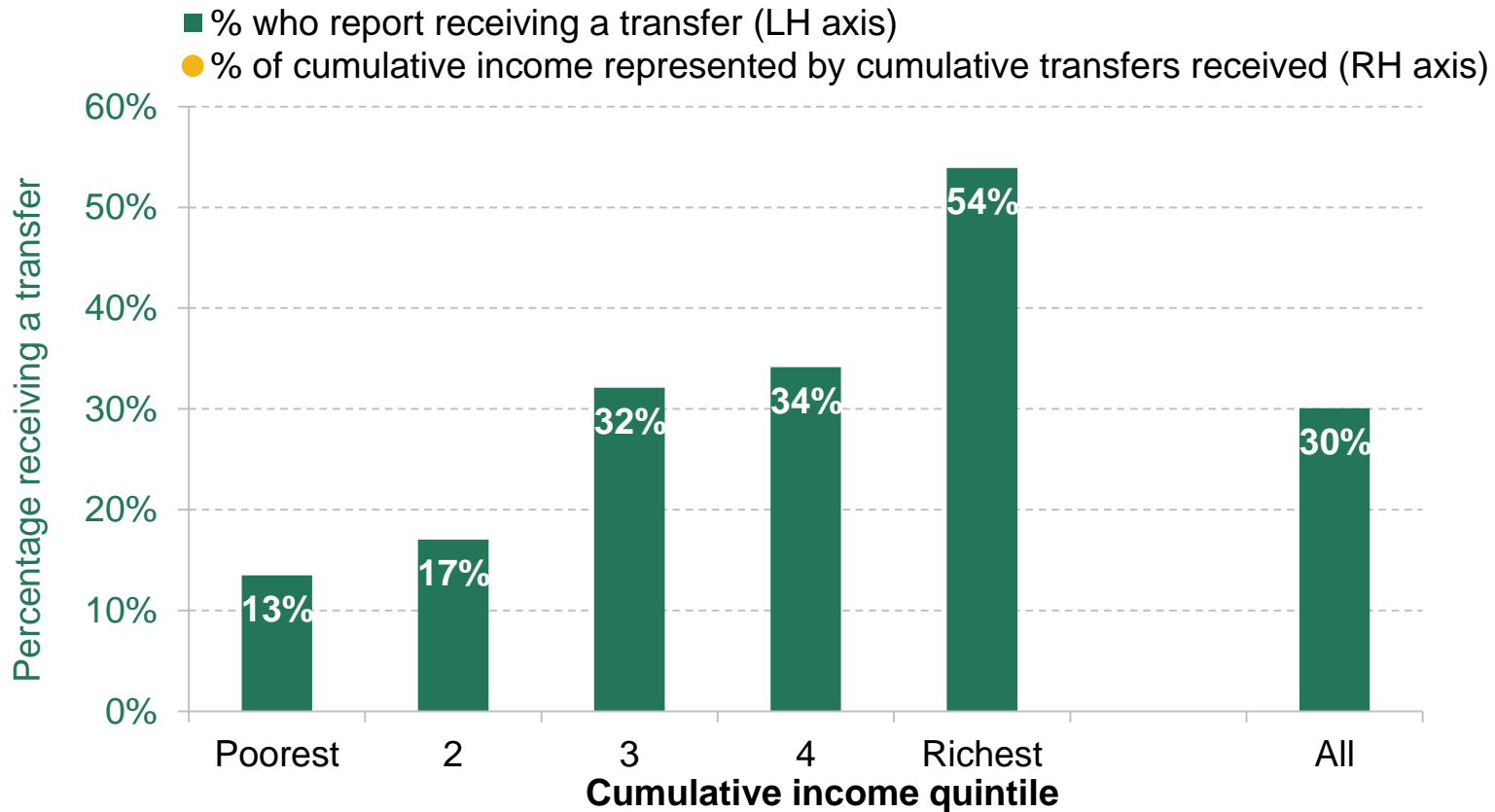


3% of inheritances are passed on as gifts

Source: Figure 5 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

Transfers increase inequalities in economic resources in early adulthood

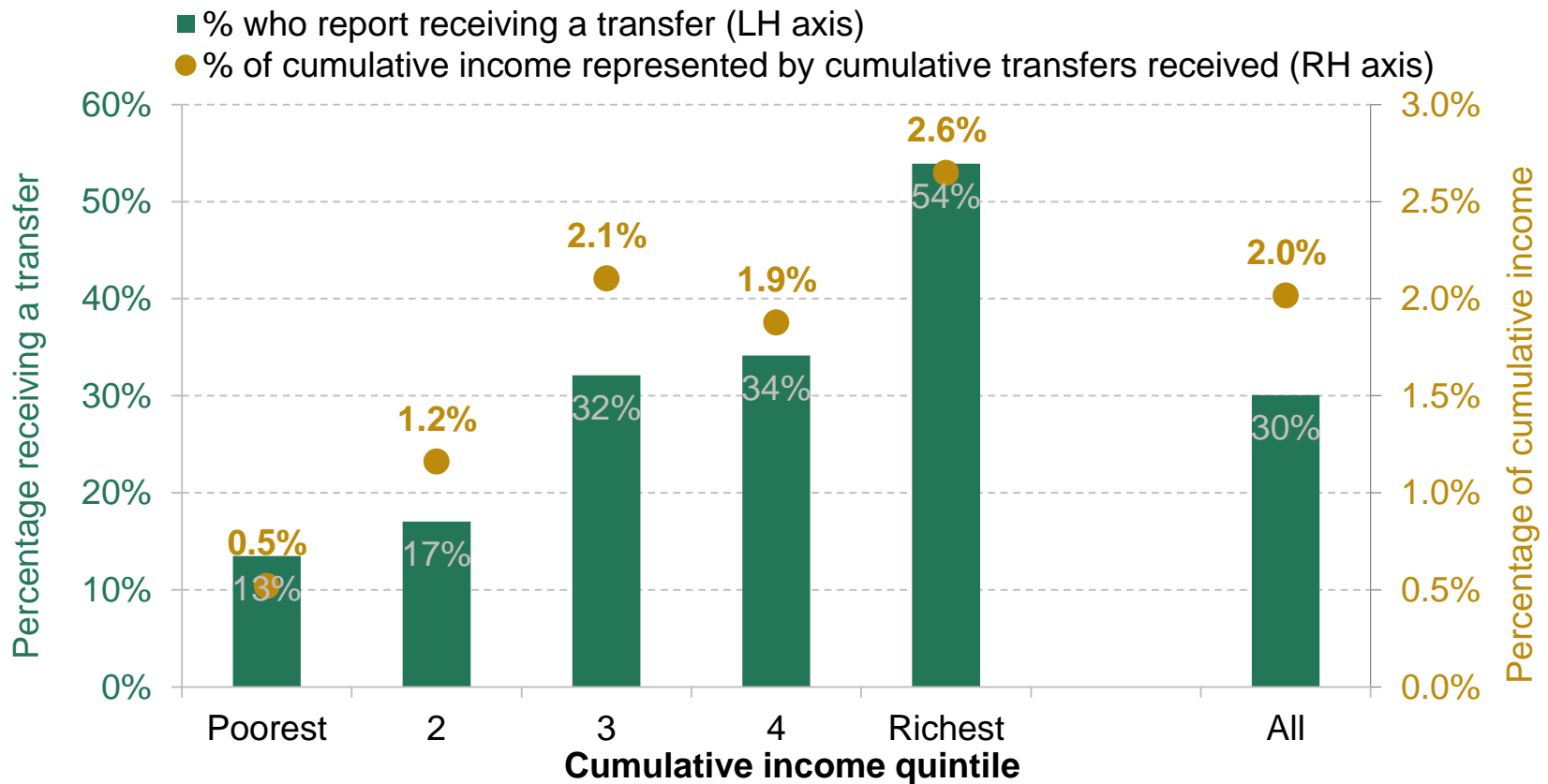
Cumulative transfer receipt by income quintile (over 8 years)



Source: Figure 7 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

Transfers increase inequalities in economic resources in early adulthood

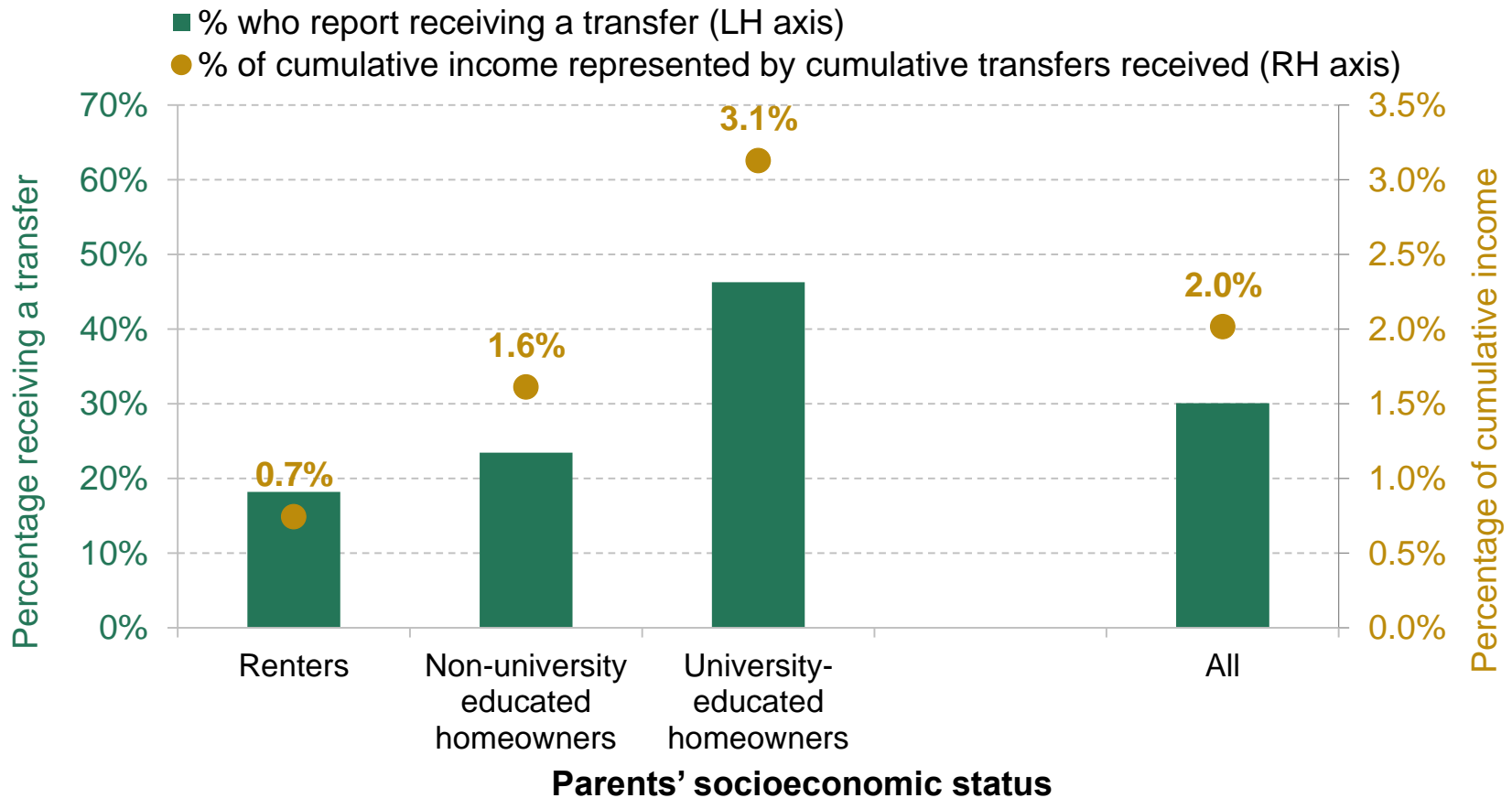
Cumulative transfer receipt by income quintile (over 8 years)



Source: Figure 7 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

Transfers increase gaps between those with richer and poorer parents

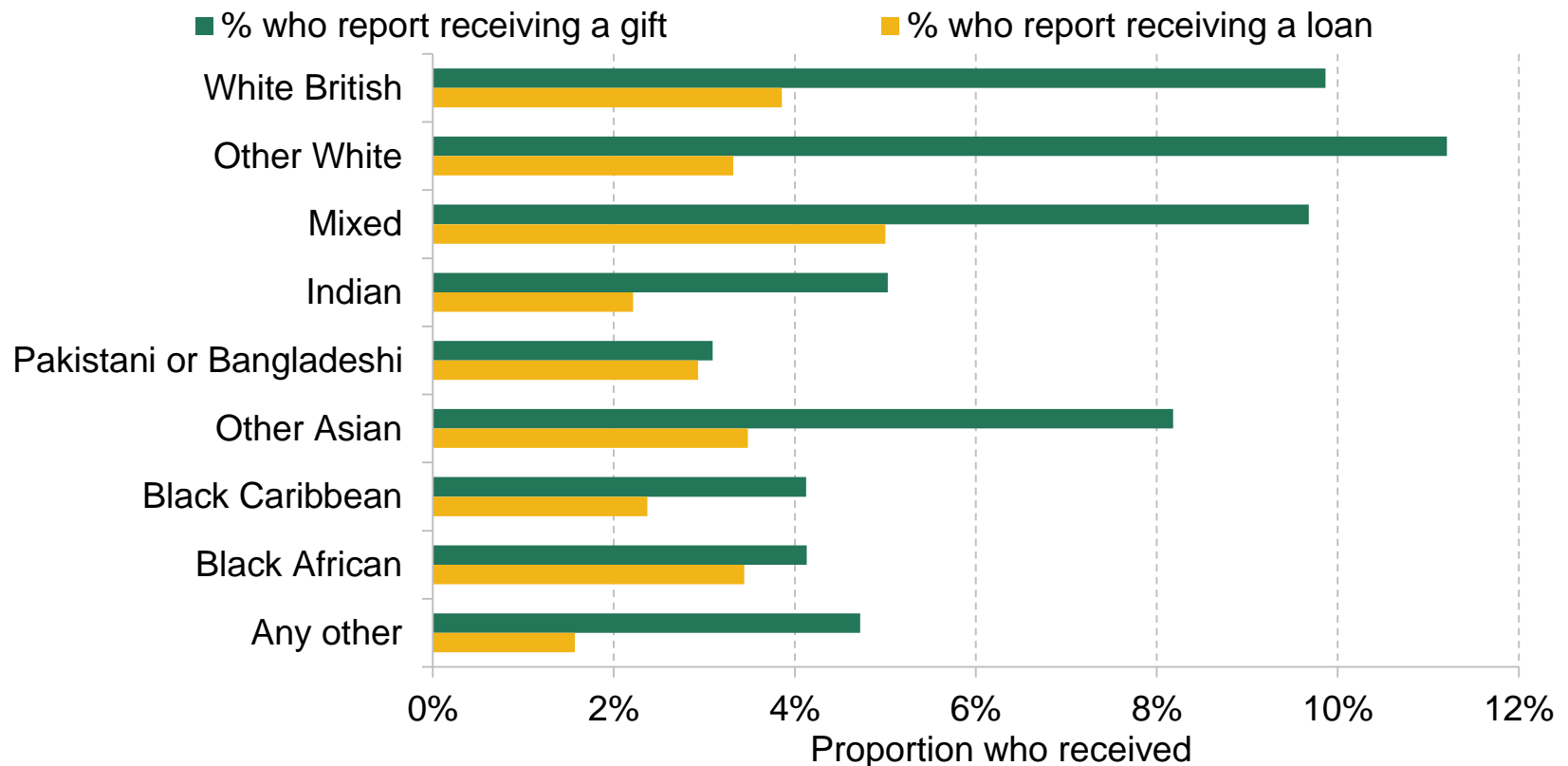
Cumulative transfer receipt by parents' socioeconomic status (over 8 years)



Source: Figure 9 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

There are substantial differences in gift receipt by ethnicity

Proportion of 20-39-year olds who received a gift or loan in the past 2 years, by ethnic group



Source: Figure 14 of Boileau and Sturrock (2023), 'Who Gives and Receives Substantial Financial Transfers in Britain?'

Summary

- Wealth transfers made during life are primarily a flow of gifts from parents to their adult children while they are in early adulthood.
- These transfers increase inequalities in economic resources.
 - Overall effect is modest but not negligible.
- They expand the gaps between those with rich and poor parents.
 - Half of transfers are given by the wealthiest fifth.
- There are large differences in gift receipt between ethnic groups.
 - Pakistani, Bangladeshi, Black Caribbean and Black African young adults much less likely to receive than white young adults.

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