



Budget Model

Inheritances by race

Summary: We estimate that White households inherit over 5.3 times as much as Black households and 6.4 times as much as Hispanic households. White households are 2.8 times more likely than Black households to inherit any wealth. Differences in inheritances reflect and may contribute to wealth differences by race.

Introduction

This blog extends PWBM's [recent analysis](#), in which we document the disparity in inheritances across the income distribution, to evaluate disparities by race and age in the Survey of Consumer Finances (SCF). Inherited wealth accounts for as much as [20 to 50 percent of total household wealth](#). Therefore, disparities of inheritances by race reflect the racial wealth gap documented extensively in recent [research](#)

Inheritances By Race and Age

Figure 1: Median average inheritances by age group

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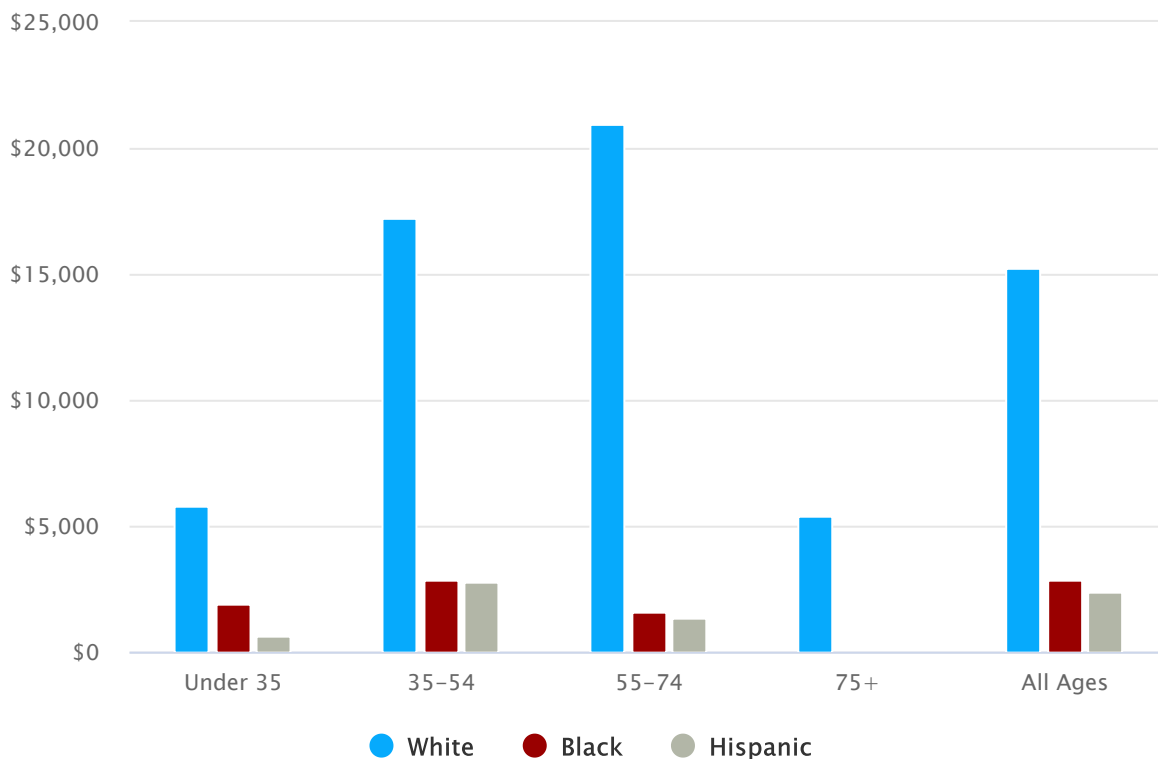


Figure 1 presents the average inheritance received by the Primary Economic Unit (PEU, the unit of measurement in the SCF—referred to as households in the rest of this post) in the Survey of Consumer Finances’ most recent five-year inheritance reporting period.¹ Each value in the figure is the median value of the average inheritance reported across all seven surveys since 2001. All inheritance values are reported in 2019 dollars.

Across all age groups, White households on average inherit about \$15,000, about five times more than Black families and over six times more than Hispanic families.² We find this pattern consistently across surveys since 2001. At which ages people receive the most in inheritances, on average, differs slightly by race. Peak inheritances for Hispanic and Black households occurs in the 35-54 age group, while White households inherit the greatest amount between 55 and 74. For Black and Hispanic households ages 75 and over, the median across the surveys of the average inheritance is \$0.³

Probability of Receiving an Inheritance

Figure 2: Median probability of receiving an inheritance

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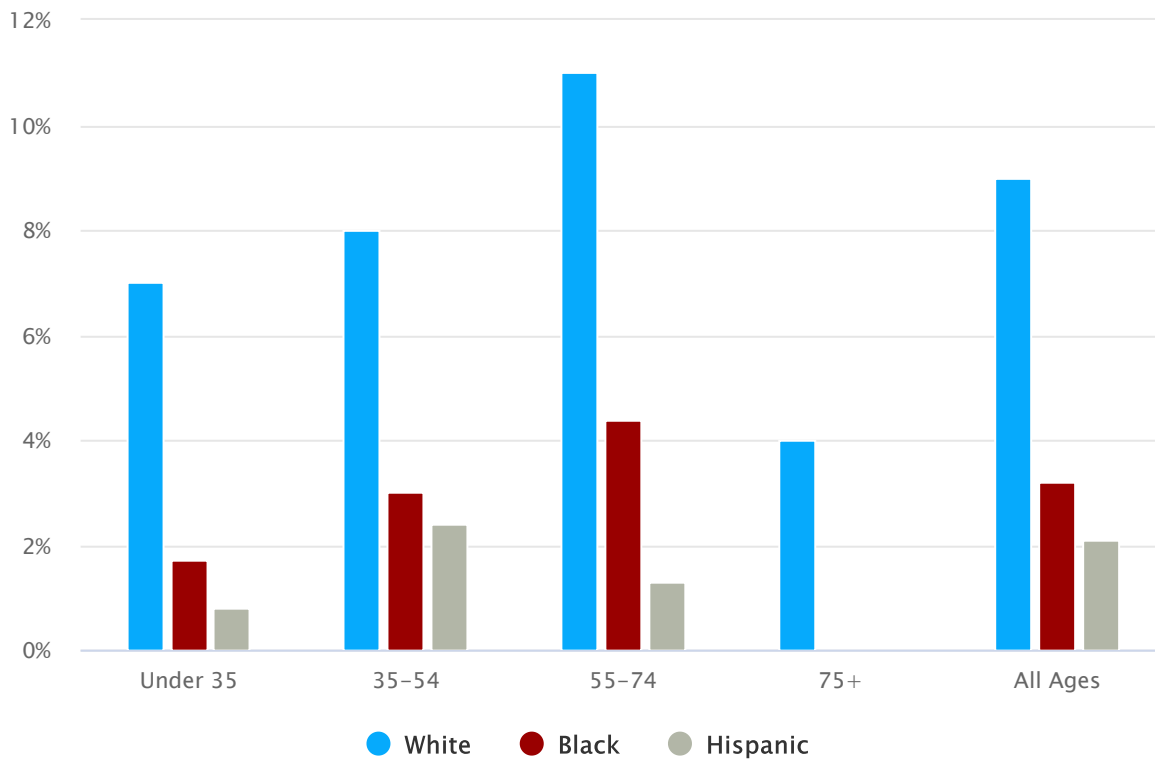


Figure 2 presents the median across all surveys of the probability of receiving an inheritance in the five-year window by age and race of the head of household.

Across all ages and survey years, the median share of households receiving any inheritance within a five-year period is nearly 2.9 and 4.4 times higher for Whites than for Blacks and Hispanics, respectively. For both White and Black households, the chance of inheriting is highest in the 55-74 age range—at 11 percent and 4.4 percent, respectively. Hispanic families are the least likely to inherit in each of the age groups presented in Figure 2. For Hispanic households, the probability of receiving an inheritance peaks at 2.4 percent in the 35-54 age group, which is lower than Black households (4.4 percent) and far lower than White households (8.0 percent) in the same age categories.

Conditional Age of Inheritance

Figure 3: Median average inheritance, conditional on receipt

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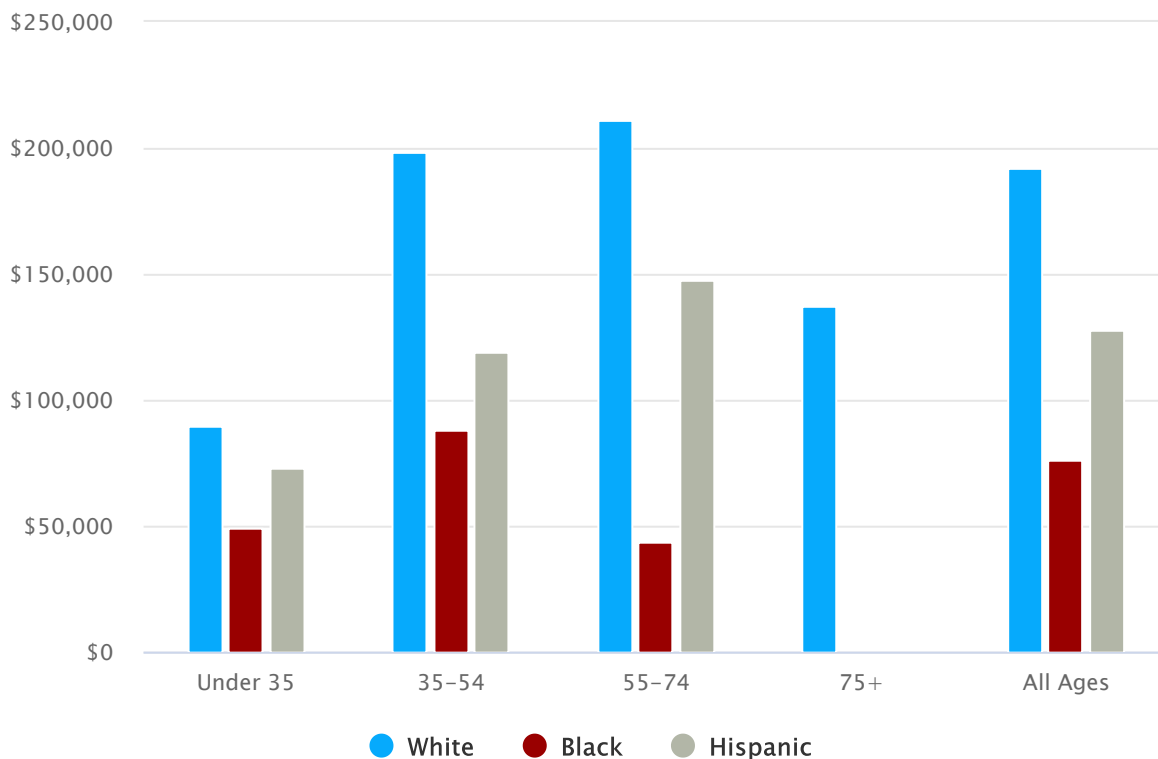


Figure 3 presents the median across all surveys of the average inheritance received in the most recent five-year window *for only those households who received any inheritance*, disaggregated by race and age group.

The under 35 group is the most comparable across races: Out of households under 35 receiving any inheritances, the median of the average inheritances across surveys for Black and Hispanic households are \$49,000 and \$73,000, respectively. This is 55 percent and 82 percent, respectively, of what White households in that age group inherit (\$89,500). On the other hand, White households ages 55 through 74 inherit an average of \$211,300 when they do inherit, nearly 4.9 times the average inheritance of \$43,600 that Black households in the same age groups receive when they receive inheritances.

Comparatively, across all ages Black and Hispanic households receive just 40 and 67 percent of what White households inherit, out of households that received any inheritances in a five-year window. Despite having the lowest likelihood of inheritance receipt and the lowest (unconditional) average inheritance levels of the three racial groups, Hispanic families who do report inheriting anything receive 1.7 times what Black households inherit, on average.

This analysis was written by [Jon Huntley](#) and [Victoria Osorio](#). Prepared for the website by [Mariko Paulson](#).

1. Survey respondents report the year(s) in which the three largest inheritances were received. In the public data, these years are rounded to the nearest 5 (and top-coded to the year in which the survey was conducted). For each survey year since 2001, we examine the inheritances received in the most recent full 5-year period—this corresponds to inheritances reported as being received in 1995, 2000, 2000, 2005, 2010, 2010, and 2015, for the 2001, 2004, 2007, 2010, 2013, 2016, and 2019 survey years, respectively. We also used the age of the head of the household in the year in which the inheritance was reported when sorting the PEUs into age groups. For example, since the most recent 5-year inheritance period covered by the 2001 survey is 1995, we adjust the age of everyone in the survey to reflect their age in 1995. ↩
2. In this post, “White” and “Black” refer to non-Hispanic Whites and Blacks, respectively. The “race” of the household refers to the self-reported race of the head of household in the SCF survey. ↩
3. The sample sizes for Blacks and Hispanics in this age group are extremely small across surveys. While we observe a median of \$0 in average inheritance across survey years, sample sizes are too small to get a meaningful sense of what the actual average inheritance value would be for households of this demographic. ↩