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GLOBAL PERSPECTIVES

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THE GREAT AMERICAN INHERITANCE BOOM

- ▶ The richest generation in history is unlocking its wealth. Boomers and the Silent Generation control \$105 trillion and are moving nearly \$1 trillion per year to younger generations¹ — a private stimulus happening now, not decades from now.
- ▶ Wealth is flowing to younger generations through multiple channels: bequests, billions in parental down-payment gifts, and living transfers that are accelerating the traditional inheritance timeline.
- ▶ Boomers themselves are sustaining robust spending in retirement: hundreds of billions in mandatory retirement withdrawals are fueling consumption, while affluent retirees also benefit from higher rates on their savings.
- ▶ Together, these channels mean older Americans are driving growth, not slowing it. Those 65+ now represent 21% of consumer spending.

HIGHLIGHTS

DOES AN AGING AMERICA MEAN SLOWER GROWTH?

For years economists have warned that an aging America means slower growth. But the richest generation in history may be proving the opposite.

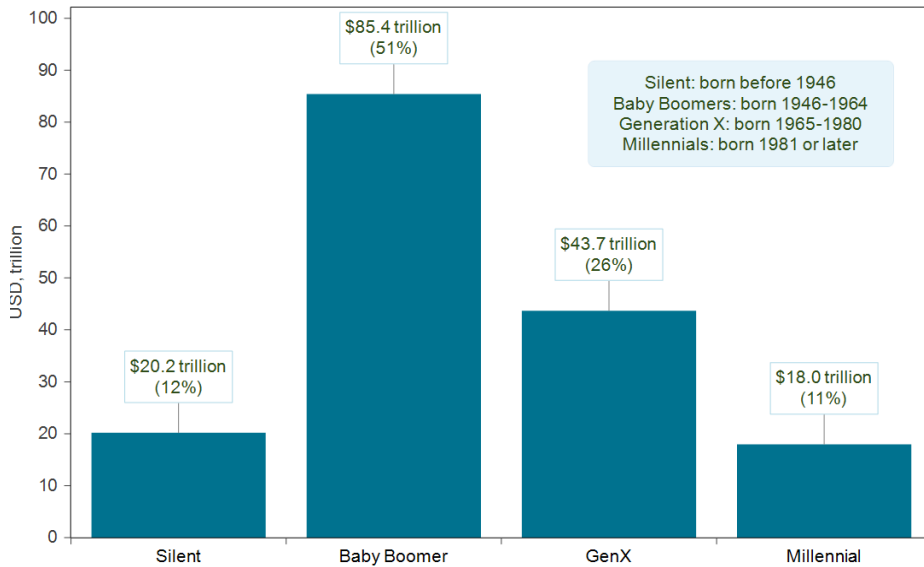
Every day about 11,000 Americans turn 65. That fact alone fuels a familiar story: retirees spend less, the workforce shrinks, and growth slows. Japan’s decades-long stagnation is often cited as our future. Yet that gloomy demographic math misses a crucial variable: money.

Baby Boomers — born from 1946 to 1964 — control about \$85 trillion in wealth, roughly half of everything Americans own. Their parents, the Silent Generation, also hold another \$20 trillion that’s already moving to heirs (**Figure 1**).¹ Together they’re powering something the US has never seen before: a live, rolling transfer of around \$1 trillion a year — a private stimulus that could keep consumer spending humming through at least the next decade.

FIGURE 1

Distribution of Household Net Worth

As of 2Q 2025



Sources: GW&K Investment Management, US Federal Reserve, and Macrobond.

As of mid-2025, the Baby Boomer and Silent Generation together were worth \$105 trillion.¹ They held nearly two-thirds of America’s wealth, while comprising less than one-fourth of the population.

Stage 1: The Silent Generation Passes the Torch

The first wave is happening right now. Many 80- and 90-somethings are leaving assets to children who are themselves retirees — or soon will be. A 90-year-old dies, a 65-year-old inherits, and that money quickly circulates through travel, home renovations, or gifts to grandkids.

We estimate that roughly 0.6% of all US household wealth changes hands every year via inheritance or inter vivos gifts, and the rate is rising. With current household wealth totaling \$167 trillion, this is not a distant demographic forecast — it’s an ongoing cash flow measured in trillions of dollars.

Stage 2: Boomers to Gen X and Millennials

Over the next two decades, as Boomers move through their 70s and 80s, their own estates will begin transferring to Gen X and Millennials. Cerulli Associates projects \$124 trillion in total US

¹ Economist Ed Yardeni has highlighted the Baby Boomer wealth topic: For example, see Ed Yardeni, "Retiring Boomers Have More Time & Money to Spend on Services," Yardeni Quick Takes, June 3, 2023. Also see Ed Yardeni, "Baby Boomers Retiring With \$75 Trillion in Net Worth," Yardeni Quick Takes, June 28, 2023. Lily L. Batchelder, "Leveling the Playing Field between Inherited Income and Income from Work through an Inheritance Tax," January, 2023. https://www.hamiltonproject.org/wp-content/uploads/2023/01/Batchelder_LO_FINAL.pdf

wealth transfers by 2048, with nearly \$100 trillion originating from Boomers and their elders.² Gen X inherits first; Millennials eventually inherit the most.

But much of the impact arrives before the funerals. Boomers are simultaneous recipients and benefactors — collecting final inheritances from parents while helping their adult children buy homes or pay tuition. This “give while you live” ethos is turning portfolio wealth into immediate consumption by younger recipients.

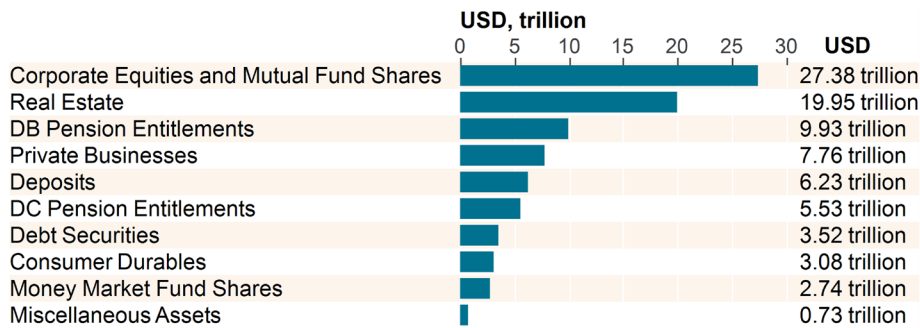
HOW THE BOOMERS GOT SO RICH

The \$80 trillion pile resulted from a combination of hard work and good fortune. Boomers enjoyed a perfect storm of tailwinds (**Figure 2**):

FIGURE 2

Baby Boomer Wealth by Asset Class

2Q 2025



Sources: GW&K Investment Management, US Federal Reserve, and Macrobond.

Baby Boomer wealth is broadly diversified, with equities, real estate, and pension entitlements having the largest weights, complemented by ample bank deposits and money market fund shares.

Stocks: They hit their peak earning years during the greatest bull market in history. From 1989 to today, the S&P 500 gained more than 4,000%.

Housing: Millions bought in the 1970s – 1980s when real prices were low; today that equity totals \$19 trillion.

Retirement plans: They were the last cohort with widespread pensions and the first with 401(k)s, now worth a combined \$13 trillion. IRA holdings boost the total tax-deferred retirement assets to nearly \$18 trillion.

Dual incomes: Rising female labor-force participation doubled household saving capacity.

As a result, Boomers hold over 50% of all household wealth while comprising only one-fifth of the population — the largest generational fortune ever recorded. Together with the Silent Generation, these elders now hold nearly two thirds of household wealth despite accounting for less than one-fourth of the population.

² Cerulli Associates, “Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048,” Press Release, December 5, 2024.

HOW THE MONEY ENTERS THE ECONOMY

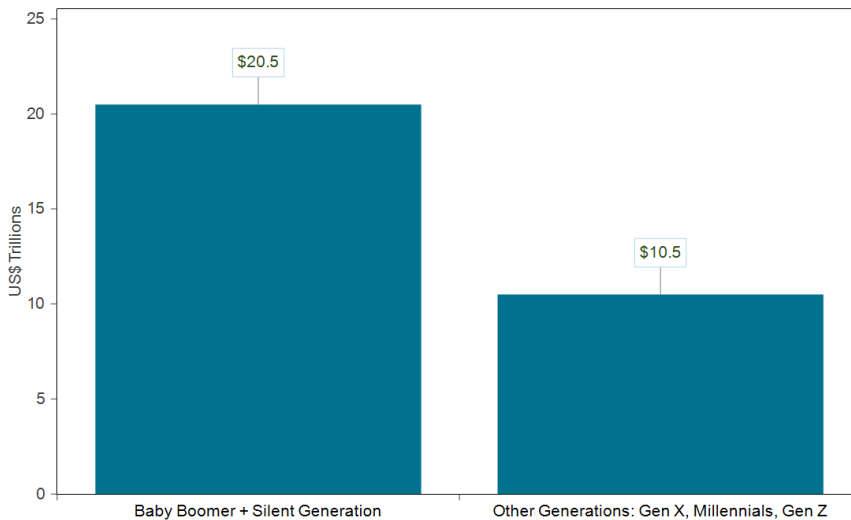
1. The Bank of Mom and Dad

Nearly half of first-time homebuyers receive gifts to help with down payments — often \$20k – \$50k checks.³ Those gifts immediately cascade into spending on furniture, appliances, and renovations. Add tuition aid, wedding payments, and car purchases, and Boomer generosity is already a multi-hundred-billion-dollar stimulus.

2. Required Withdrawals

Once retirees hit 73, the IRS forces withdrawals from tax-deferred accounts. Including both Boomer and Silent generations, nearly \$20 trillion is estimated to be sitting in such plans. These required minimum distributions (RMDs) are pumping hundreds of billions of dollars into senior’s pockets annually — flows that are legally mandated and trending higher (**Figure 3**).⁴

FIGURE 3
The RMD Wellspring:
Tax Deferred Retirement Account Assets (2025)



Note: Assumes two-thirds of tax-deferred retirement plan assets are held by Baby Boomers and the Silent Generation.
 Sources: GW&K Investment Management, Investment Company Institute, and Macrobond.

At standard withdrawal rates, an estimated \$20.5 trillion in tax-deferred retirement assets could easily pump \$800 billion a year of required minimum distributions (RMDs) into seniors’ pockets.

3. Behavioral Spillovers

Expectations matter. If a 40-year-old expects a \$150k inheritance someday, economics predicts they’ll save less and spend more now. This is commonly referred to as windfall gains, as inheritors see this as “free” or unearned money which falls outside of the scope of their normal budgeting. Surveys show roughly half of Millennials anticipate an inheritance; that optimism itself nudges up current consumption.

³ Manny Garcia, “Buyers: Results from the Zillow Consumer Housing Trends Report 2023,” Zillow Research, August 23, 2023.

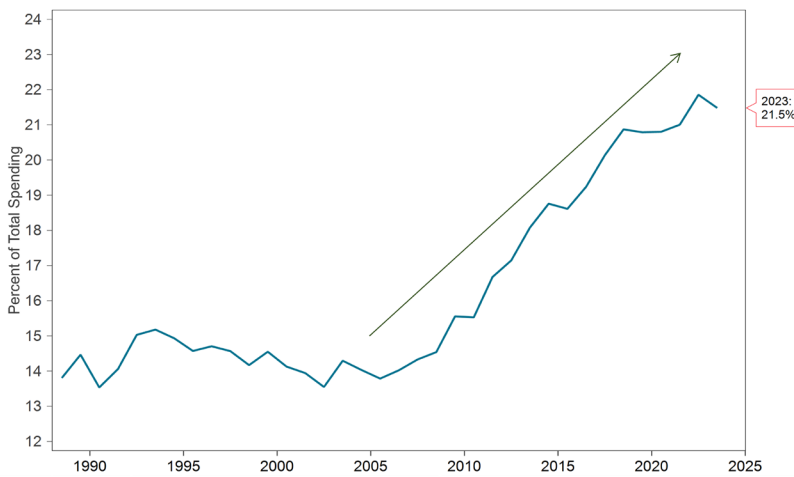
⁴ This assumes that roughly 60% of the \$31 trillion of IRAs (\$18 trillion) and employer DC plans (\$13 trillion) reported by the Investment Company Institute as of mid-2025 are held by retirees who are subject to required minimum distributions rates that tend to range from 4% – 6% for ages 73 – 80 and higher at older ages.

4. Higher Rates, Richer Retirees

Unlike younger borrowers, affluent retirees benefit from higher interest rates: their savings accounts and bond portfolios yield more. That helps explain why consumer spending stayed strong even as the Federal Reserve tightened policy in 2022 – 2024. The people doing much of the spending aren't borrowing — they're cashing out. As a result, Americans aged 65 and over now account for 21% of consumer spending, up from about 16% in 2010 (**Figure 4**).

FIGURE 4

Americans 65+ Account for Growing Share of Consumer Spending



Note: Based on number of consumer units and average annual expenditures by age group.
Sources: GW&K Investment Management, BLS, and Macrobond.

Since the oldest baby boomers turned 65 in 2011, the share of consumer spending by Americans aged 65 or over has risen from 16% to 21%.

WON'T OLDER AMERICANS SPEND IT ALL ON HEALTHCARE?

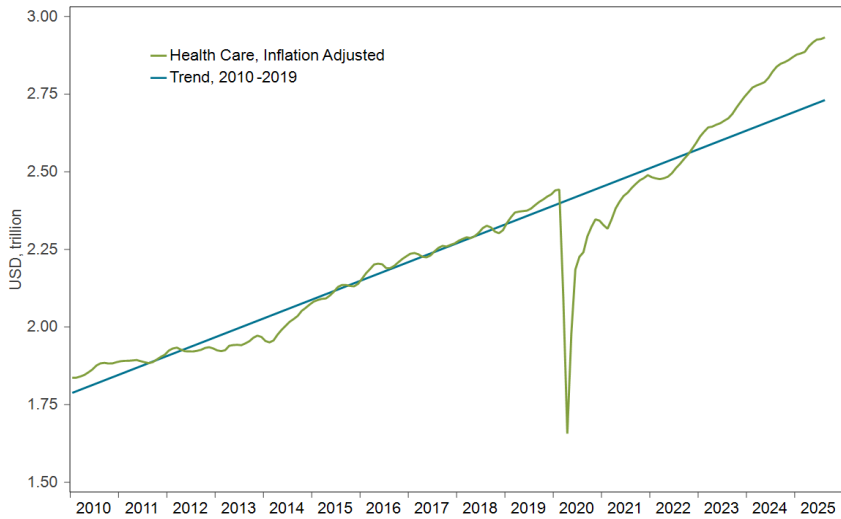
They will spend plenty on healthcare — but that's still spending. Older Americans already drive 18% of US GDP through medical goods and services, employing millions of workers whose paychecks feed back into the broader economy. Demographic demand for healthcare alone could add roughly 1 percentage point of annual growth in that sector through 2060 (**Figure 5**). From a GDP standpoint, a dollar spent on a nurse's salary counts just as much as one spent on an iPhone — and stays in the domestic economy.

THE INEQUALITY WRINKLE

To be sure, the transfers are lopsided. Inheritances are passed on in about half of the top 5% of households compared to only 12% in the bottom 50%, and only one-fifth of Americans will receive a meaningful inheritance (**Figure 6**). But even that slice is tens of millions of households — enough to move macro aggregates. On the transfer side, middle-class heirs receiving \$50k – \$200k often use it to pay off their debts, which boosts their future propensity to consume. On the consumption side, luxury spending by wealthy retirees still supports employment and tax revenues. Unequal? Absolutely. Economically inert? Not at all.

FIGURE 5

**Staying Healthy:
Real Healthcare Expenditures vs. Pre-Pandemic Trend**

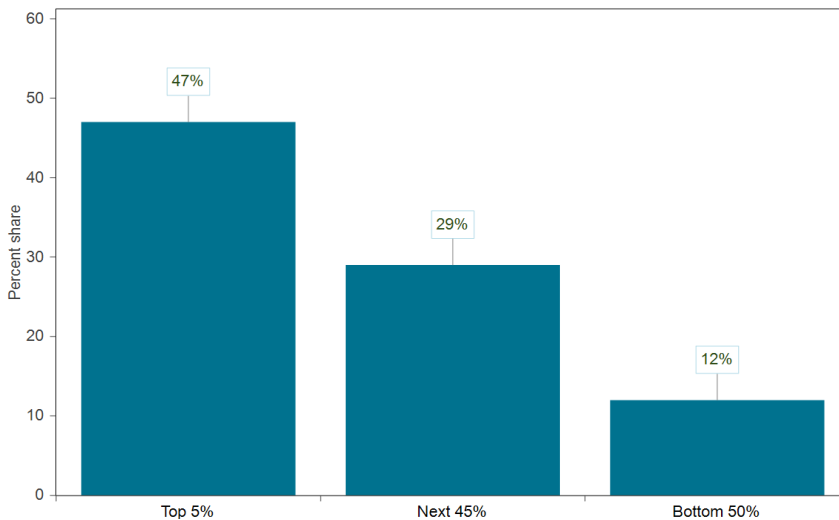


Sources: GW&K Investment Management and Macrobond.

The aging of America has boosted real healthcare spending well above its pre-pandemic trend, with spending rising a robust 5.0% – 5.5% over the past three to five years.

FIGURE 6

Share of US Families Ever Receiving an Inheritance or Substantial Gift, by Net-Worth Group (2022)



Sources: GW&K Investment Management, US Federal Reserve, and Macrobond.

Not surprisingly, inheritances are not evenly distributed. Nearly half of families in the top 5% receive inheritances compared to only about one in eight in the bottom 50%.

HOW BIG IS THE EFFECT?

Economists estimate that households spend about 3 – 4 cents per dollar of wealth each year. If Boomers collectively draw down just 0.5% – 1% more of their holdings annually — through both intergenerational transfers and their own increased spending — that equals \$425 – \$850 billion in extra yearly demand, roughly 1.5% – 3% of GDP. That’s the scale of a permanent mini stimulus, privately financed and politically frictionless.

The timing is fortuitous: pandemic savings are fading, fiscal resources are limited, and yet the “demographic piggybank” is just starting to open. With older Americans spending 3 – 4 cents (and often more) for each dollar of wealth, this ongoing drawdown provides meaningful support to consumption levels that pure demographics would not predict.

WHAT COULD GO WRONG?

A stock-market crash could vaporize trillions in paper wealth and at least temporarily freeze spending. Healthcare inflation could absorb more resources than expected. And the “inheritance expectations gap” looms: a third of Millennials expect a bequest, but only one-fifth of Boomers say they’ll leave one. Policy shifts in estate or capital-gains taxes could also redirect part of the flow.

But short of those shocks, the mechanics — aging, mortality, IRS withdrawal rules, and social norms around family support — make the wealth release hard to stop.

THE BOTTOM LINE

Demographics aren’t destiny; balance sheets are. An older America that owns most of the nation’s wealth can still drive a dynamic economy if that wealth keeps circulating. So far it is: Retirees are spending heavily on travel, home renovations, and healthcare, while also gifting and drawing down hundreds of billions under federal mandate. Younger generations, helped by inheritances and parental checks, are spending it again.

Call it the Great American Inheritance Boom — a slow-motion, self-funded stimulus likely to keep the consumer engine running long after the demographic alarm bells fade.



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