HOW MUCH COULD WILL-WRITING REDUCE THE RACIAL WEALTH GAP?

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Abstract

  This paper examines the persistent racial wealth gap between Black and White households in the United States, focusing on the disparity in will-writing rates as a contributing factor. Despite attempts to bridge the wealth gap since Emancipation, progress has stalled, and since the 1980s, the gap has actually widened. The analysis investigates the potential for equalizing will-writing rates between Black and White individuals to narrow this wealth gap over past generations. Utilizing data from the *Health and Retirement Study* (HRS) and employing both reduced-form and more structural analytical approaches, the study estimates the impact of will-writing on wealth accumulation and intergenerational wealth transfers. The findings suggest that equalizing will-writing rates could have reduced the racial wealth gap by 10 percent over three generations, underscoring wills as a significant, yet not singular, factor in addressing racial wealth disparities. The paper concludes that interventions that increase will-writing are one promising avenue for helping narrow the racial wealth gap.

Introduction

The gap in wealth between Black and White households has plagued the United States since Emancipation. The two racial groups started from deeply unequal positions and, even after 160 years, the wealth gap remains unacceptably large. More troubling, progress stalled in the 1950s, and since the 1980s the gap has actually widened (Derenoncourt et al. 2024).

One reason for this lack of progress may be a disparity in will-writing by race – Black individuals are far less likely to have a valid will than White ones. This pattern holds even when comparing those who are otherwise similar (Aubry, Munnell, and Wettstein 2023). Having a will is associated with leaving larger bequests, and those who receive more in inheritances are also more likely to leave a legacy themselves. Thus, to the extent that will-writing increases bequests, adopting a will would have a positive effect on the wealth of all future generations and would reduce the racial wealth gap. To get an estimate of the possible impact of wills, this paper explores how much equalizing will-writing rates between Black and White individuals would have narrowed the gap over the past few generations.

A complicating factor in the analysis is that part of the correlation between will-writing and bequests is likely not causal: undoubtedly, many individuals write wills because they wish to leave a bequest rather than the other way around. To account for this possibility, the analysis uses two approaches, one more reduced-form and one more structural. These approaches are described in the paper as "Top-Down" and "Bottom-Up." While neither approach is perfect on its own, together they provide useful upper and lower bounds for the impact of will-writing. As such, the striking similarity of the basic findings from the two methods suggests that equalizing will rates could meaningfully narrow the racial wealth gap.

The rest of the paper proceeds as follows. The first section presents background on the racial wealth gap, the racial "will gap," and the theory behind why wills might increase household wealth across generations. The second section details the two analytical approaches taken to estimate how eliminating the will-writing gap could affect the wealth gap. The third section describes the results of the two analyses. The final section concludes that elimination of the racial gap in will-writing could narrow the racial wealth gap by 10 percent over three generations. Of course, wills are only one small factor contributing to the racial wealth gap; many other changes would be required to fully eliminate the wealth differences across racial groups.

Background

This section describes the basic facts on the racial wealth gap and its evolution, and briefly summaries the existing literature on the racial will gap.

The Past and Present of the Racial Wealth Gap

In the 50 years following Emancipation, a dramatic convergence of Black and White wealth took place, with the ratio of White-to-Black wealth shrinking from almost 60-to-1 in 1860 to 10-to-1 in 1920, and 7-to-1 in 1950 (see Figure 1). However, since then, progress has stalled. In 2019, the racial wealth gap remained at 6-to-1, with evidence that it has been growing wider since the 1980s.[1]

The current racial wealth gap is much larger than one would expect if White and Black households had enjoyed equal rates of saving out of income and equal returns on the assets they held. In this case, the process of convergence would have resulted in a 3-to-1 gap in 2020. The fact that the current ratio is twice this benchmark is mostly due to lower saving rates for Black households. However, in the last few decades, racial differences in returns have become increasingly important – a pattern that has driven the recent widening of the racial wealth gap.

Researchers have investigated why Black investors earn lower returns than their White counterparts. Partially, the difference is due to differences in portfolios. Black households tend to hold a larger share of their wealth in housing than financial assets – particularly equities, and housing yields lower returns than equities over the long run (Jorda et al. 2019 and Kuhn, Schularick, and Steins 2020). To some extent, however, the racial difference in returns also reflects lower returns on the same type of asset. For example, house-value appreciation is lower for Black homeowners, a consequence of differences in location (itself in part due to discrimination; see Munnell et al. 1996 and Liu and Quinby 2023) and differences in foreclosure rates (Kermani and Wong 2021).[2]

The main activity explored in this paper – will-writing – straddles the two explanations for slow racial wealth convergence because both lower saving rates and lower returns are associated with the gap in the will-writing rates between Black and White individuals. On the

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[1] Derenoncourt et al. (2024).

[2] Recent work has, however, found that Black households earn a higher return on housing investment when rental yields are accounted for (Diamond and Diamond 2024).

racial difference in saving rates, correlational evidence suggests that individuals with a will intend to leave larger bequests and also are more likely to meet those expectations, suggesting they are putting aside more resources for future generations (Aubry, Munnell, and Wettstein forthcoming). Furthermore, those who receive an inheritance are more likely to leave a bequest themselves, compounding these generational gains (Munnell and Sundén 2003). The intergenerational persistence of leaving bequests contributes to wealth inequality generally, and to racial gaps in wealth specifically (Sabelhaus and Thompson 2022). The extent to which racial bequest disparities translate into a racial wealth gap is controversial, however, with estimates ranging from very little (Aliprantis, Carroll, and Young 2022) to nearly 30 percent of the gap (Ashman and Neumuller 2020).

In addition to any racial difference in savings and inheritances that stem from the gap in wills, some portion of the racial difference in returns may also be related to the gap in wills (Aubry, Munnell, and Wettstein 2023). Legal experts routinely argue that dying intestate is a particular problem when the estate is modest and the largest asset is the home (e.g., Wright 2020 and Strand 2010). The risk is that the home descends to multiple heirs, and all the tenants in common must coordinate and obtain consent from fractional owners before maintaining or selling the property. If the intended beneficiaries are living in the decedent's home, the distribution to a large number of beneficiaries could result in the forced sale of the property and leave them homeless. Similar depreciation of assets can occur in the context of other wealth which loses value when divided, such as a family business. Hence, a racial difference in the dissipation of assets when bequeathed, driven by a racial gap in wills, is a possible contributor to the racial wealth gap that has not received much attention thus far.

The Black-White Will Gap

Given the potential impact of will-writing on savings, leaving bequests, and maintaining the value of transferred assets, the Black-White gap in will-writing helps explain why the racial wealth gap has increased in recent decades. Indeed, Black individuals receive fewer and smaller inheritances than White ones, and are also less likely to intend to leave a bequest or to have a valid will (Choi et al. 2019 and Aubry, Munnell and Wettstein 2023).

Specifically, Aubry, Munnell and Wettstein (2023) estimate that Black respondents in the *Health and Retirement Study* (HRS) are 20 percentage points less likely to have a valid will than

White respondents, even after adjusting for a battery of other characteristics such as wealth, education, presence of living children, or having received an inheritance in the past. Similarly, Black respondents also report significantly lower probabilities of leaving substantial bequests to their heirs. Moreover, when examining the realized estates of decedents, those who had a will were significantly more likely to attain their bequest expectations (although, even controlling for the presence of a will, Black respondents were more likely than White ones to fall short of their expectations nevertheless).

The current study builds on these findings, and asks whether closing the racial "will gap" could contribute to closing the racial wealth gap. In particular, we ask how much the racial wealth gap would have shrunk over the last three generations if Black households had the same will-writing rates as Whites. This question is relevant to individuals, financial and legal advisors, and policymakers interested in finding levers to address the stubborn persistence of the wealth gap.

Methods

Answering this question involves comparing two wealth estimates for representative White and Black households: one in which the Black and White will-writing rates are held at their current levels, and one in which the Black rate is increased to that of White households. The analysis starts with an initial White-Black wealth gap estimated as of 1980 for households with the head ages 60-70 – an age span when households are enjoying their peak lifetime wealth. All the analysis is based on data from the HRS, a longitudinal panel survey of a representative sample of households ages 50 and older. Since the HRS began in 1992, the 1980 wealth values were extrapolated from 1992 using the average annual nominal growth rate for Black and White investors in the HRS from 1992 to 2020 (see Table 1). The analysis then tracks the wealth of representative White and Black households over three 20-year generations – 2000, 2020, and 2040.

For the analysis, total wealth is split into housing and non-housing amounts, using averages from the HRS by race. White households have tended to hold 33 percent of their wealth in housing; for Black households the share is 50 percent. Non-housing wealth consists primarily of financial assets, with the exception of defined benefit wealth. Defined benefit

wealth is considered separately from other non-housing wealth because it is not bequeathable.[3] That said, the income from the defined benefit plans is still quite relevant to bequests as it can fund consumption in retirement, leaving more resources available for the next generation (see Siliciano and Wettstein 2021).

For this analysis, the estimate of wealth across generations relies crucially on two relationships: 1) wealth and bequests; and 2) received inheritances and eventual wealth. Given the potential sensitivity of the results to these relationships, the analysis uses two complementary approaches: a reduced form "top-down" approach, which estimates both of these relationships directly; and a structural "bottom-up" approach, which estimates the first of these relationships directly, but constructs the accumulated wealth by applying assumed returns to a received inheritance.

The top-down approach allows the data to directly inform how received inheritances translate into later-life wealth and, through the wealth-bequest relationship, into eventual transfers to the next generation. The advantage of this approach is that the myriad of ways that an inheritance can be applied are left open to recipients. For example, they could use the money to fund investments in physical or human capital (such as healthcare or education); they could use it as a buffer for the pursuit of a risker but more rewarding occupation; or they could use it to finance consumption.

The disadvantage of this reduced form approach is omitted variable bias. That is, if high socioeconomic status recipients are more likely to receive inheritances and be wealthy in later life, the top-down approach may overestimate the effectiveness of bequests in increasing the wealth of subsequent generations. For example, if the children of upper-class families are more likely to be high earners, or to marry into other wealthy families, their eventual wealth should not be attributed solely to the inheritance they receive.

In contrast, the bottom-up approach avoids the omitted variable problem by focusing on the market mechanisms through which an inheritance might increase later-life wealth. That is, inheritances are either consumed or invested in financial markets. To the extent they are invested, they earn market returns, which enhance the value of wealth that can be bequeathed to

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[3] Defined benefit wealth is measured in discounted present value, assuming the same discount rate and cohort mortality as the Social Security Trustees Report. These assumptions for each wave-year are taken from that year's Trustees Report; see Gok, Chen and Quinby (2024).

future generations. This approach excludes any other factors that might be correlated with receiving an inheritance, such as marrying well, but of course might miss many productive uses for the inheritance besides capital investments.

Together, the two approaches yield results which, if not too dissimilar, can bound the impact of will-writing on the racial wealth gap. The next sections describe the two approaches in greater detail.

The Top-Down Approach

As stated above, the key relationships undergirding our estimates of the impact of will-writing on the racial wealth gap are: 1) the link between the donor's late-life wealth and their bequest; and 2) the link between the recipient's inheritances and their eventual late-life wealth. Under the top-down approach, these two relationships are estimated with the following two Ordinary Least Squares (OLS) regressions:

$$Bequest\ size_i = \beta_0 + \beta_1 * Will_i + \beta_2 * (Housing + Non-Housing\ Wealth_i)$$
$$+\beta_3 * DB\ wealth_i + \beta_4 * X_i + \epsilon \quad\quad\quad (1)$$

$$Late\_life\ wealth_i = \beta_0 + \beta_1 * Inheritance_i + \beta_2 * X_i + \epsilon \quad\quad\quad (2)$$

In equation (1), $Bequest_i$ is the amount of resources bequeathed, $Will_i$ is a binary variable indicating whether the respondent had a will, and X_i is a vector of other controls, such as gender, race, marital status, children and whether retired. For this equation, wealth includes housing and non-housing wealth and a separate variable for defined benefit wealth. In equation (2), wealth is late-life (ages 60-70) housing and non-housing wealth; $Inheritance_i$ is the total amount of inheritances the respondents received over their life, and X_i is the same vector of other controls as in equation 1.

The regressions use data from the HRS. The first equation relies on exit interviews that have been conducted since 1995 with proxies after a respondent dies. Among other questions, the survey asks about the value of the decedent's total estate, the value of the decedent's residence (if they still owned their residence), and the amount of non-housing bequests. For respondents whose proxies are unable to estimate the housing vs. non-housing bequest amounts,

the self-reported value of the home during the last wave is adopted as the housing bequest amount (if the original respondent reported housing wealth at the last wave they were alive), and any remaining dollar value of the total estate is attributed to non-housing bequests.

The second equation uses the core HRS, which asks, among other things, how much a respondent has received in inheritances throughout their life and how much wealth they have. Here the sample is restricted to respondents ages 60 to 70, who are still alive in 2018.

With the coefficients from these regressions in hand, the bequest from each generation to its subsequent generation can be estimated by plugging in the mean values of all controls, including late-life wealth by race and the race-specific (or equalized) will-writing rate into the first equation. This process yields the predicted bequest left by each generation, divided by the average number of children to obtain an estimated inheritance per child (3.3 children for the Black individual and 2.8 for the White one). This quantity then becomes an input to a second estimation: predicting the late-life wealth of the successor generation given the inheritances they receive using the second equation. Here, the representative individual's wealth at ages 60-70 is estimated using the mean value of all controls besides the race-specific (and equalized) will-writing rate and the previous generation's wealth.

Bottom-Up Approach

As noted earlier, the top-down procedure runs the risk of misattributing part of late-life wealth to received inheritances, rather than to other factors associated with inheritances like generally high SES. So, the bottom-up approach seeks to eliminate this possibility by constructing late-life wealth directly from received inheritances under certain structural assumptions.

The bottom-up procedure begins from a similar starting point as the top-down approach, estimating a reduced-form relationship between late-life wealth and bequests. However, housing wealth and financial wealth are often used very differently as sources of support for consumption versus as a legacy. Housing, in particular, is often viewed by individuals as a legacy to be bequeathed. Thus, the relationship between housing wealth and bequests may differ markedly from that of financial assets and bequests. Furthermore, housing wealth tends to grow at a different rate than financial wealth. For these reasons, this more structural approach separately estimates the relationship between housing and financial wealth, on the one hand, and housing

and financial bequests, on the other. These relationships are estimated using the following equation, which is otherwise similar to Equation (1) above:

$$Housing\ bequest\ or\ Non\_housing\ bequest_i$$
$$= \beta_0 + \beta_1 * Will_i + \beta_2 * HW_i + \beta_3 * NHW_i + \beta_4 * X_i + \epsilon \qquad (3)$$

Using the regression outputs, bequests are estimated for each generation using the representative individual's housing and non-housing wealth, race-specific will-writing rate, and sample averages for the remaining controls. Like in the top-down approach, the total estimated bequest is then divided by the average number of children to obtain an estimated inheritance per child.

The subsequent generation is then projected to consume part of the inheritance according to marginal propensities to consume (MPCs) out of housing and non-housing wealth. These MPCs are estimated to be 0.06 for housing wealth (Angrisani, Hurd and Rohwedder 2019) and 0.15 for non-housing wealth (Kaplan and Violante 2022).[4]

The average age at which households receive an inheritance is 58.[5] Therefore, after consumption, the model projects 22 years of growth for housing and non-housing wealth – using rates of return from Jordà et al. (2019) – bringing households to age 80 – roughly the life expectancy at age 58.[6] For non-housing wealth, the portfolio is assumed to have a 60/40 stock/bond split, as in a typical target-date fund for individuals approaching retirement. The returns on housing and non-housing wealth are then added to the previous generation's average wealth. This process is repeated over three generations to simulate how the racial wealth gap would have changed since 1980 if the racial will-writing gap had been eliminated.

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[4] These MPCs are assumed to be the same across race as are rates of return on assets. While this assumption is counterfactual, it guarantees that differences in MPC and returns are not driven by the different will-writing rates across race, as hypothesized in the background section.

[5] Based on estimates from the HRS. This age is calculated using all respondents from all waves by the first wave each respondent reported a non-zero inheritance.

[6] In 2024, a 58-year old is expected to live until age 82.9, however life expectancy was lower for prior cohorts (Social Security Administration 2024).

Results

     This section begins with the results of the top-down analysis, followed by those from the bottom-up approach, and then reports some robustness checks and their impact on the results. The section ends by noting the similarity of the two sets of results, implying that increasing will-writing among Black households could have a modest but meaningful impact on the racial wealth gap.

Top-Down Results

     To produce the top-down results, the first step is to estimate Equations 1 and 2. Table 2 shows the regression estimates of Equation (1), finding that an additional $1,000 in bequeathable assets around ages 60-70 is associated with about $500 more left in bequests. An additional $1,000 in present value of defined benefit wealth, meanwhile, translates into $200 of additional bequest (presumably through reducing reliance on other assets during retirement). All else equal, having a will is associated with an increase in the average bequest of $80,000, while Black decedents leave about $17,000 less in bequests.

     Turning to the impact of inheritances on wealth (Equation 2) in Table 3, the results in this reduced-form approach show that an additional dollar of inheritance received throughout life is associated with $3 of additional wealth at ages 60-70.

     Given these estimates, Table 4 shows the results of the top-down analysis. The analysis starts in Generation 0, where 79 percent of White household heads have a will compared with 34 percent of Black households. In 1980, White wealth was $621,700, while Black wealth was only $219,200 (all in 2020 dollars), leading to a White-Black wealth ratio of 2.84.

     From this starting point, the first generation receives an inheritance of $154,500 for White beneficiaries and $52,000 for Black ones, under the actual will-writing rate. The estimated relationship between inheritances received and late-life wealth then translates into $1,063,400 in late-life wealth for White households, and $449,200 for Black ones, yielding a White-Black wealth ratio of 2.37. On the other hand, under the assumption that Black and White individuals have the same will-writing rate of 79 percent, the resulting White-Black wealth ratio is only 2.20.

     Iterating over the next two generations yields a final White-Black wealth ratio of 2.37 (under actual will-writing rates) and 2.17 (under equal will-writing rates) by the third generation.

In other words, if will-writing rates had been equal starting in 1980, the racial wealth gap would have declined by nearly 10 percent over the past three generations.

Bottom-Up Results

The bottom-up approach requires the estimation of a slightly more detailed relationship between wealth and bequests – separating wealth into housing and non-housing categories as described in Equation (3). Estimates of Equation (3) for housing and non-housing bequests are shown in Table 5.

Unsurprisingly, the value of housing wealth is strongly associated with housing bequests, while non-housing wealth is similarly strongly associated with eventual non-housing bequests. In particular, every $1,000 of housing wealth is associated with an additional $650 of housing bequests, while every $1,000 of non-housing wealth is associated with a further $470 of non-housing bequests. The amount of defined benefit wealth has only a tiny correlation with housing bequests, and a modest association with non-housing bequests. Also, as one might expect, the cross-mode correlations of bequests and wealth are substantially weaker, with housing wealth having an insignificant association with non-housing bequests and non-housing wealth having only a very small association with housing bequests.

Holding all else equal, as with the previous approach, the results show that having a will is strongly related to the value of the decedent's estate, both in terms of housing and non-housing wealth. A decedent with a will leaves, on average, $22,900 more housing wealth and $51,200 more non-housing wealth. In contrast with the top-down results, race does not have a statistically significant independent association with bequest size, all else equal, although the point estimates for Black race are negative.

With these estimates in hand, Table 6 shows the results of the bottom-up analysis. Generation 0 is identical to the starting generation in the previous approach. But from Generation 1 and on, some differences are apparent. The most significant is that absent any change in will-writing, the bottom-up approach anticipates greater racial wealth inequality.

Moving to the estimates of how equalizing will-writing in 1980 would have affected the racial wealth gap, again the results show that this change would have had a meaningful impact. By the third generation, the model predicts that the White-Black wealth ratio would be 3.06 with

actual will-writing rates, and only 2.81 with racially equal rates. That is, equalizing will-writing in 1980 would have reduced the ratio by about 10 percent.

This 10-percent estimate is remarkably similar to the top-down approach, despite a substantially different model. The similarity in the results across the two approaches demonstrates the robustness of the results. This robustness inspires confidence that increasing will-writing among Black households could provide a modest but meaningful contribution to narrowing racial wealth gaps. We now turn to further testing the robustness of the results of this bottom-up approach.

Robustness Checks

The previous analysis attempts to isolate the impact of increased will-writing from all other real-world changes. Hence, it is useful to check how the wealth gaps evident in the results relate to those reported in the HRS and to check how sensitive the results are to the underlying assumptions.

First, both the top-down and bottom-up approaches produce a lower gap than the HRS and both fail to capture the increase in the White/Black ratio between 2000 and 2020 (see Table 7). Specifically, the top-down approach anticipates that in the absence of any change to will-writing, the gap between Black and White wealth would have declined somewhat over the past four decades, from 2.84 in 1980 to 2.35 in 2020. In reality, HRS estimates show that the White-Black wealth ratio has increased substantially, reaching 5.14 in 2020.[7] Most of this difference is due to real-world impediments to Black wealth accumulation – such as different rates of return – that are not encompassed in our model.

While the bottom-up approach leaves a smaller gap between anticipated and observed levels of inequality relative to the top-down approach, even here our estimates understate the real increase in racial wealth inequality over the past four decades. Instead of increasing from 2.84 in 1980 to 5.14 in 2020, our model would have predicted a gap of only 2.97. This estimate is closer to reality than the estimate for the top-down approach because it reflects the lower bias in attribution of wealth growth to inheritances.

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[7] These numbers are directionally consistent with other estimates of the racial wealth gap having grown in the past few decades (e.g., Derenoncourt et al. 2024). Differences in the precise numbers are due to different concepts of wealth being included (e.g., the inclusion of defined benefit wealth in our measure is atypical for this literature).

Second, the analysis relies on many assumptions. In particular, the bottom-up approach requires assumptions regarding the rate of return on different kinds of wealth and how long such wealth is allowed to grow between inheritance and peak wealth. Any one of these might be too optimistic.

To test how sensitive the results are to these assumptions, Table 8 repeats the bottom-up approach making less helpful assumptions. Specifically, the return rates on housing, bonds, and equities are assumed to be 1.5 percentage points lower, and the years of returns between inheritance and peak wealth are reduced from 22 to 17 (effectively assuming inheritances are received five years later in life).

The results show that despite making more conservative assumptions regarding the possibility of inheritances to impact late-life wealth, equalizing will-writing across race would still have meaningfully reduced the racial wealth gap over the last few generations. Even under these conservative assumptions, the White-Black wealth ratio declines from 3.02 in the factual will-writing scenario to 2.80 in the equal will-writing scenario by the third generation, a reduction of 7.3 percent.

Conclusion

The racial wealth gap has proven to be a persistent problem since Emancipation. Despite policies aimed at reducing this disparity, albeit in fits and starts and inconsistently applied, it has proven intractable. Furthermore, progress has stalled in large part because rates of return on wealth seem to be unequal. One reason may be that Black decedents have a much lower likelihood of having a will, a situation which leads to disparate intergenerational transfers of wealth that is – in turn – eroded by the lack of efficient bequests.

In this paper, we explored how the racial wealth gap might have evolved since 1980 had will-writing rates been equal for Black and White households. The robust finding of this analysis is that such a change would have modestly but meaningfully reduced the wealth gap by the time the current generation of working-age Americans reaches their peak wealth years, around 2040. While no one change is likely to completely close this gap, interventions that increase the will-writing of Black households are one promising avenue for policy exploration.

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Tables and Figures

Table 1. *Real Rates of Return on Assets for Whites and Blacks*

	(1) Whites	(2) Blacks
Year	0.0379***	0.0187**
	(0.00317)	(0.00656)
Constant	-62.51***	-25.24*
	(6.368)	(13.16)
Observations	15	15
R^2	0.916	0.385

Notes: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Authors' calculations from the University of Michigan, *Health and Retirement Study* (HRS) (1992-2020).

Table 2. *Top Down: Effect of Late-Life Wealth and Wills on Total Bequests*

	(1) Total bequest amount
Non-DB wealth	0.517***
	(0.0133)
Household DB wealth	0.206***
	(0.0572)
Respondent has a will	80507.4***
	(10017.8)
Retired	17516.0*
	(9436.1)
Age at death	1376.4***
	(458.1)
Has children	-34827.8**
	(16784.8)
Male	48351.3***
	(9495.3)
Married	-30129.2***
	(10060.8)
Black	-16693.8
	(11503.6)
Constant	-61059.8
	(40269.3)
Observations	4,556
R^2	0.533

Notes: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Authors' calculations from HRS (1992-2020).

Table 3. *Top Down: Effect of Inheritances on Total Late-Life Wealth*

	(1) Total late-life wealth
Amount in inheritances received	3.041***
	(0.180)
Retired	59147.5**
	(25857.5)
Has children	-137723.8***
	(44884.7)
Male	50287.3*
	(26606.8)
Married	361521.8***
	(27388.0)
Black	-302490.0***
	(23226.4)
Constant	437077.1***
	(44893.9)
Observations	4,389
R^2	0.238

Notes: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Authors' calculations from the HRS (1992-2020).

Table 4. *Top Down: Multigenerational Wealth Comparison*

	Whites	Blacks	
		Actual will rate	Equalized will rate
Rate of wills	79%	34%	79%
Generation 0			
Total wealth 1980	$621,700	$219,200	$219,200
White/Black wealth ratio, 1980	-	2.84	2.84
Generation 1			
Inheritance	$154,500	$52,000	63,000
Wealth, ages 60-70	1,063,400	449,200	482,600
White/Black wealth ratio, ages 60-70	-	2.37	2.20
Generation 2			
Inheritance	$236,000	$88,000	$104,200
Wealth, ages 60-70	1,311,300	558,800	608,100
White/Black wealth ratio, ages 60-70	-	2.35	2.16
Generation 3			
Inheritance	$281,800	$105,200	$123,900
Wealth, ages 60-70	1,450,500	610,900	667,800
White/Black wealth ratio, ages 60-70	-	2.37	2.17

Source: Authors' calculations from the HRS (1992-2020).

Table 5. *Bottom Up: Effect of Late-Life Wealth and Wills on Housing and Non-Housing Bequests*

	(1) Housing bequest	(2) Non-housing bequest
Housing wealth	0.651***	0.0610
	(0.0158)	(0.0386)
Non-housing wealth	0.0128**	0.465***
	(0.00516)	(0.0166)
Respondent has a will	22929.4***	51192.1***
	(3364.7)	(8593.0)
Household DB wealth	0.0483**	0.133**
	(0.0213)	(0.0540)
Retired	5270.2*	9588.9
	(3002.5)	(8118.4)
Age at death	-654.2***	1927.1***
	(156.0)	(384.6)
Has children	-1891.1	-37346.2**
	(4609.0)	(14999.6)
Male	7817.4**	32694.3***
	(3045.3)	(8098.1)
Married	2443.0	-32876.6***
	(3438.1)	(8916.5)
Black	-2732.9	-13813.0
	(3834.3)	(9382.5)
Constant	54481.2***	-105854.2***
	(14062.4)	(33909.7)
Observations	4,556	4,556
*R*2	0.644	0.429

Notes: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Authors' calculations from the HRS (1992-2020).

Table 6. *Bottom Up: Multigenerational Wealth Comparison*

	Whites		Blacks Actual will rate		Blacks Equalized will rate	
Rate of wills	79%		34%		79%	
Generation 0						
Total wealth 1980	$621,700		$219,200		$219,200	
White/Black wealth ratio	-		2.84		2.84	
	Housing	**Non-housing**	**Housing**	**Non-housing**	**Housing**	**Non-housing**
Wealth (by category)	$205,200	$416,500	$109,600	$109,600	$109,600	$109,600
Bequest	166,600	275,600	87,400	90,200	97,700	109,600
Generation 1						
Inheritance, per child	$59,500	$98,400	$26,500	$27,300	$29,600	$33,200
After consumption	55,900	83,700	24,900	23,200	27,800	28,200
After 22 years of growth	147,300	271,200	65,600	75,300	73,300	91,500
Total wealth	1,040,100		360,100		384,000	
White/Black wealth ratio	-		2.89		2.71	
Wealth (by category)	$352,400	$687,700	$175,200	$184,900	$182,900	$201,100
Bequest	265,900	410,700	131,100	129,300	136,300	137,200
Generation 2						
Inheritance, per child	$95,000	$146,700	$39,700	$39,200	$41,300	$41,600
After consumption	89,300	124,700	37,300	33,300	38,800	35,300
After 22 years of growth	235,100	404,000	98,300	107,900	102,200	114,600
Total wealth	1,679,200		566,300		600,800	
White/Black wealth ratio	-		2.97		2.79	
Wealth (by category)	$587,500	$1,091,800	$273,400	$292,800	$285,100	$315,700
Bequest	424,100	612,800	196,400	185,400	214,600	219,800
Generation 3						
Inheritance, per child	$151,500	$218,900	$59,500	$56,200	$65,000	$66,600
After consumption	142,400	186,000	55,900	47,800	61,100	56,600
After 22 years of growth	374,800	603,000	147,300	154,800	161,000	183,500
Total wealth	2,657,000		868,400		945,300	
White/Black wealth ratio	-		3.06		2.81	
Wealth (by category)	$962,300	$1,694,700	$420,700	$447,600	$446,100	$499,100

Source: Authors' calculations from the HRS (1992-2020).

Table 7. *Comparison of Wealth Gap to the HRS by Analysis Method*

|	HRS	Top-down		Bottom-up	
		Actual will rate	Equalized will rate	Actual will rate	Equalized will rate
Generation 1: 2000	3.42	2.37	2.20	2.89	2.71
Generation 2: 2020	5.14	2.35	2.16	2.97	2.79

Source: Authors' calculations from the HRS (1992-2020).

Table 8. *Bottom Up: Multigenerational Wealth Comparison, After Changes to Return Rates and Years of Growth*

	Bottom-up initial assumptions		Bottom-up new assumptions	
	Actual will rate	Equalized will rate	Actual will rate	Equalized will rate
Generation 0: 1980	2.84	2.84	2.84	2.84
Generation 1: 2000	2.89	2.71	2.88	2.73
Generation 2: 2020	2.97	2.79	2.95	2.80
Generation 3: 2040	3.06	2.81	3.02	2.80

Source: Authors' calculations from the HRS (1992-2020).

Figure 1. *White-Black Household Wealth Ratio, 1860-2019*
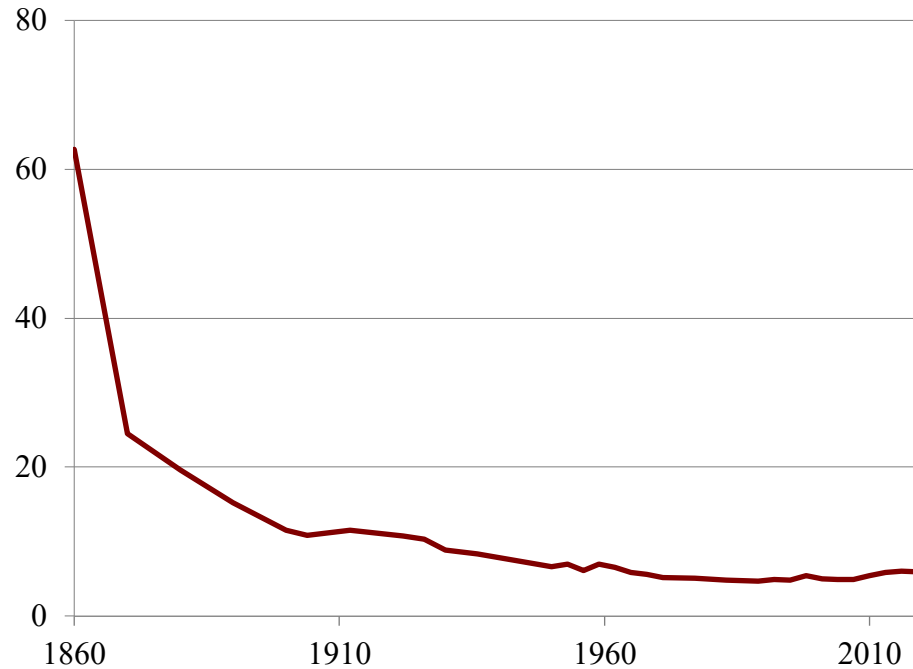
Source: Derenoncourt et al. (2024).

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