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# Baby-boomers are loaded. Why are they so stingy?

The mystery matters for global economic growth

May 26th 2024 | ROME

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**B**ABY-BOOMERS WERE born between 1946 and 1964—and are the luckiest generation in history. Most of the cohort, which numbers 270m across the rich world, have not fought wars. Some got to see the Beatles live. They grew up with strong economic growth. Not all are rich, but in aggregate they have amassed great wealth, owing to a combination of falling interest rates, declining housebuilding and strong earnings. American baby-boomers, who make up 20% of the country's population, own 52% of its net wealth, worth \$76trn (see chart 1).

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Many boomers recognise how lucky they are to have accumulated such enormous wealth. They want to pass it on to their children, many of whom are struggling to buy a house or pay school fees. Research by Messrs Ventura and Horioka, focusing on Europe, finds that bequest motives often go a long way towards explaining why retirees do not spend down their wealth. It is difficult to measure whether boomers have stronger bequest motives than previous generations, though some evidence points in this direction. The flow of bequests from the dead to the living, as a share of GDP, is rising fast across the rich world. Americans inherit about 50% more each year than they did each year in the 1980s and 1990s, for instance. Irish people inherit about twice as much.

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These fears are changing behaviour. A study by the Institute for Fiscal Studies, a British think-tank, finds that those who believe they have “zero” chance of needing to pay for long-term care spend down wealth more quickly. For the many people who worry about eventually losing their mobility or developing dementia, however, the risks of spending big today seem too great. One paper from 2014 calculates that 13.5%