

Intergenerational Wealth Mobility in Germany

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Abstract

This paper provides the first systematic evidence on intergenerational wealth mobility in Germany using newly harmonized wealth data from the German Socio-Economic Panel (SOEP) spanning nearly three decades (1988–2017). Linking parents and their adult children, we estimate intergenerational rank–rank correlations (IRRC) in net wealth to assess the persistence of relative wealth positions across generations. We find substantial wealth persistence in Germany, with an IRRC of around 0.25. Strikingly, this association remains highly stable across two observation windows (1988–2002 and 2002–2017), despite pronounced changes in the macroeconomic and institutional environment. Mobility curves indicate that the rank–rank relationship is approximately linear and exhibits little evidence of strong non-linearities at the top or bottom of the parental wealth distribution. We further document limited heterogeneity by offspring gender and birth cohort, and show that controlling for parental income and education attenuates the IRRC only modestly, suggesting that wealth captures an additional dimension of socioeconomic advantage beyond standard indicators of parental background. In an international perspective, Germany exhibits lower intergenerational wealth persistence than the United States. Exploratory evidence suggests that cross-country differences in homeownership may account for a sizable part of this gap, highlighting the potential role of housing-related institutions in shaping intergenerational wealth mobility.

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1 Introduction

Thomas Mann's novel *Buddenbrooks* (Mann, 1901) vividly portrays the rise and eventual decline of a wealthy merchant family in nineteenth-century Germany. Over several generations, the family accumulates substantial economic and social capital, only to see it erode in the face of structural economic change, shifting social norms, and internal family dynamics. While the founding generation establishes and consolidates wealth, later generations struggle to preserve it amid changing economic environments and diverging life choices. The novel thus offers a powerful illustration of the challenges associated with maintaining wealth and wealth position across generations. At the same time, the *Buddenbrooks* represent a dramatic and ultimately exceptional case of intergenerational wealth decline or mobility. Whether such trajectories are typical or rare in modern societies remains an open empirical question.

Cultural narratives such as the *Buddenbrooks* suggest that wealth positions may be fragile and subject to substantial change across generations. Yet whether such dramatic trajectories reflect broader patterns of intergenerational wealth mobility remains an open empirical question. This question is of particular importance in contemporary societies, where wealth inequality has reached historically high levels (Grabka, 2015; Lersch et al., 2021; Pfeffer and Waitkus, 2021; Piketty, 2014) and most probably plays a central role in shaping economic opportunities (Fagereng et al., 2021; Piketty and Zucman, 2015).

Intergenerational processes of wealth transmission are widely viewed as a key mechanism underlying the persistence of wealth inequality. Through direct transfers such as inheritances and gifts, as well as indirect channels related to education, income, and asset accumulation, parental wealth may substantially shape the economic positions of the next generation (Morelli et al., 2021; Nekoei and Seim, 2023; Nolan et al., 2021; Pfeffer and Waitkus, 2021). The degree of similarity between parents' and children's wealth positions therefore serves as an important indicator of equality of opportunity (Black et al., 2020; Fagereng et al., 2021; Pfeffer and Killewald, 2018).

Despite its importance, empirical evidence on intergenerational wealth mobility remains scarce, especially when compared to the extensive literature on income mobility (Black and Devereux, 2011; Solon, 1999). Data limitations have restricted existing evidence

to a small number of countries, leaving major economies largely unexplored (see Lersch et al., 2023 for a recent overview).

Germany constitutes a particularly informative case for studying intergenerational wealth transmission. Wealth inequality in Germany is high by international standards and followed a distinct trajectory over the past decades. After a marked increase from the early 1990s onward, wealth inequality peaked in the late 2000s and subsequently declined slightly, remaining relatively stable from around 2012 onwards (see Figure SI.1 in the appendix). These developments overlap closely with the observation window of this study.

At the same time, Germany is characterized by an extensive welfare state and institutional arrangements that shape the role of private wealth in household economic security. Public social insurance reduces the need for private asset accumulation for consumption smoothing, while the structure of the housing market limits the centrality of owner-occupied housing as a vehicle for wealth accumulation for large parts of the population.

At the same time, wealth-related taxation plays a more limited redistributive role than is sometimes assumed. Inheritance and gift taxation include substantial tax-free allowances, with many intergenerational transfers falling below taxable thresholds, and business assets are largely exempt from taxation in cases of inheritance and gifting. Moreover, Germany suspended the wealth tax in 1998.¹ Taken together, these institutional features generate ambiguous expectations regarding intergenerational wealth transmission: while some arrangements may weaken incentives for broad-based private wealth accumulation, others may facilitate the intergenerational reproduction of existing wealth holdings.

Whether these opposing dynamics translated into changes in the degree of intergenerational wealth transmission, particularly across periods marked by major institutional transformations such as German reunification, remains an open empirical question.

This paper addresses these questions by providing the first systematic evidence on intergenerational wealth mobility in Germany. We draw on newly harmonized wealth data

¹ The absence of a wealth tax in Germany means we have to rely on survey data since there is no administrative wealth data available.

from the German Socio-Economic Panel that allow us to directly observe parental and offspring wealth over a period spanning nearly three decades, from 1988 to 2017.

Using intergenerational rank-rank correlations in individual net wealth, we document a remarkably stable degree of wealth transmission across time. The estimated correlation is around 0.25 and remains largely unchanged across two observation windows, despite pronounced changes in the macroeconomic and institutional environment. We further show that this level of wealth transmission is highly similar across sons and daughters and across offspring birth cohorts. Beyond documenting levels and trends, we assess the role of parental socioeconomic background and show that controlling for parental income and education reduces, but does not eliminate, the intergenerational association in wealth.

In an international perspective, the level of intergenerational wealth transmission in Germany places the country in the middle range of high-income economies, characterized by lower persistence than in the United States but higher persistence than in several Northern and East Asian countries.² A key institutional difference between Germany and the United States concerns the role of (mostly) owner-occupied housing in wealth accumulation. While homeownership rates have gone down across birth cohorts in both countries, they are substantially lower in Germany throughout the distribution.

Exploratory analyses suggest that differences in homeownership rates account for a substantial part of the higher degree of intergenerational wealth persistence observed in the United States relative to Germany. These findings point to the importance of housing-related institutions for understanding cross-national differences in intergenerational wealth mobility.

² In sum, the existing empirical evidence on the intergenerational transmission of wealth shows some similarities with the evidence on the intergenerational transmission of income (Black and Devereux, 2011; Corak, 2013a; Jäntti and Jenkins, 2015; Solon, 1999). With particularly high levels of transmission (low mobility) in the US and Italy and comparatively lower levels in Denmark and Norway. However, other countries, such as Sweden and France, appear at different ends of the mobility scale compared to the income case, highlighting the need to analyze wealth mobility (see Figure 1 and Table SI.1 in the appendix).

2 Data and estimation strategy

2.1 German data and sample

Administrative data on wealth are not available in Germany due to the absence of a wealth tax. Thus, high-quality survey data are needed to analyze wealth mobility and inequality. Studying intergenerational wealth transmission places particularly high demands on such data, as it requires observations spanning long time periods and ideally direct measurements for both parents and their offspring.

The German Socio-Economic Panel (SOEP) is ideally suited for this type of analysis (we rely on SOEP-Core.v37eu, see Schröder et al., 2020 for a description). A key advantage of the SOEP is that children are followed longitudinally into adulthood, even after leaving the parental household, allowing us to link parental and offspring wealth information using directly observed data for both generations. The SOEP is a nationally representative annual household survey in Germany. Data collection began in 1984 and is still ongoing. In the latest wave, the SOEP includes about 19,000 households and 35,000 individuals (including children who are not actively participating in the survey). Children actively enter the survey at age 14 and remain in the panel even after leaving the parental household, which allows us to link non-contemporaneous wealth information across generations.

For our analysis, we use newly processed wealth data collected in the SOEP as early as 1988.³ In the 1988 wave, wealth was observed only at the household level and reported in brackets. We follow Longmuir and Grabka (2024) to impute continuous information on household net worth. Our rank-based approach reduces sensitivity to differences in measurement scale across survey waves. Since these early wealth measures have only recently been harmonized with the later SOEP wealth modules (Longmuir and Grabka, 2024), they have not previously been used to study intergenerational wealth transmission in Germany. Together with the more recent wealth surveys in 2002, 2007, 2012, and 2017, this allows us to analyze nearly three decades of wealth data (1988–2017).

Since intergenerational processes unfold slowly, we examine developments over time using two equally long observation windows. Specifically, we compare wealth mobility

³ While wealth in 1988 is only observed at the household level and reported in brackets, the recently developed harmonization procedure (Longmuir and Grabka, 2024) enables comparability with later waves. Moreover, our main analysis relies on wealth ranks, which mitigates concerns about differences in measurement scale across waves.

between parental wealth observed in 1988 and offspring wealth observed in 2002, and between parental wealth observed in 2002 and offspring wealth observed in 2017. By construction, the early window (1988–2002) includes only families from West Germany, whereas the later window (2002–2017) covers both East and West Germany.

Analytical sample. From the full sample of individual wealth observations, we construct an analytical sample of linked parent–child pairs. Individuals are included if at least one biological parent (and the corresponding child) can be identified and observed in the SOEP. Parents must have a valid wealth observation in either 1988 or 2002 (or both), and children must have a valid wealth observation in either 2002 or 2017. To reduce life-cycle bias in wealth measurement and to ensure that individuals had sufficient time to accumulate assets, we restrict wealth observations in both generations to ages 30–55 (see critical discussion in section 4).

We further require non-missing information on key covariates (sex and age of parents and child). These restrictions yield a working sample of 1,535 parent–child pairs, including 535 pairs in the early window (1988–2002) and 1,000 pairs in the later window (2002–2017).

Wealth measures. The SOEP provides detailed measures of wealth and indebtedness that have been harmonized across the 2002, 2007, 2012, and 2017 waves.⁴ Our outcome measure in the offspring generation is individual net wealth, defined as the sum of all assets owned by the individual (solely and jointly), including real and financial assets, life insurance and private pension plans, business assets, and other tangible assets, net of personal debts and loans. Individual net wealth may take negative values. For the parental generation, we measure household net wealth in order to capture the shared economic resources available in the family environment in which children grew up. Household net wealth is defined as the combined net wealth of all household members. As is common in survey-based wealth data, net wealth is likely understated at the very top of the distribution (Grabka and Westermaier, 2015).

For the main analysis, we transform wealth levels into percentile ranks within each generation-year using the full SOEP population rather than the estimation sample, following

⁴ Although the SOEP data compares well with other wealth data for Germany, wealth, especially at the top of the distribution, is still underestimated. This underestimation is a problem common to most wealth surveys.

Black et al. (2020). Rank-based measures are widely used in the mobility literature because they are robust to outliers and do not impose strong assumptions on the distribution of wealth. To handle ties at zero or identical reported values, we follow Boserup et al. (2017) and add a small random perturbation to wealth before assigning ranks. We then analyze similarity or change in rank as a measure of transmission or resemblance.

Table 1 Descriptive statistics of parent generations

Variable	Full sample	Parents only	Add age restriction	Analytical sample
1988				
Average age parents	48.42	38.22	40.13	47.76
SD	15.00	8.26	5.85	5.54
Univ. entrance cert.	0.17	0.18	0.20	0.13
SD	0.38	0.39	0.40	0.34
Net wealth	200,720	191,357	210,284	265,154
SD	387,803	434,340	455,795	498,442
Wealth rank	50.00	49.86	53.03	59.73
SD	28.87	29.56	29.38	27.18
N	3,112	1,520	1,107	535
2002				
Average age parents	51.08	39.29	39.88	48.86
SD	14.67	6.74	5.15	5.37
Univ. entrance cert.	0.20	0.22	0.23	0.20
SD	0.40	0.41	0.42	0.40
Net wealth	252,234	214,125	231,076	299,467
SD	827,712	494,098	507,682	1,294,724
Wealth rank	50.00	44.00	46.45	51.65
SD	28.87	28.33	28.01	26.96
N	8,046	3,197	2,731	1,000
Note: own calculations based on SOEP v37. Descriptives show shares/mean values from the restricted sample vs. all parents in the sample. All estimates are on the household level, referring to the household head.				

Further controls. All models include age controls for both generations, measured as age at the time of the wealth observation. Unless estimated separately by gender, we additionally include an indicator for female offspring. To capture parental socioeconomic background, we use an indicator for whether at least one parent holds a university entrance qualification (Abitur or equivalent) and the parental household's income rank within the parental generation. We use income ranks to ensure comparability across survey waves and to reduce sensitivity to transitory income fluctuations. These covariates allow us to assess to what extent intergenerational wealth transmission operates beyond standard measures of parental socioeconomic status. We keep the baseline specification parsimonious and focus on a small set of standard covariates used in the mobility literature.

Table 1 summarizes key descriptive characteristics of the analytical sample, focusing on the parent generation, and compares them to the full SOEP parent population in the respective survey years. As expected for intergenerational linked samples, the analytical sample is not a random draw from the full population. Parents in our analytical sample are of similar age but exhibit higher average wealth than the overall SOEP parent population. This pattern holds in both observation years (1988 and 2002), although the differences are smaller in the later period. This suggests that our estimates may be conservative with respect to representing the full wealth distribution, particularly at the lower end.

2.2 United States data and sample

To place our findings in an international context, we additionally compare intergenerational wealth transmission in Germany to the United States using data from the Panel Study of Income Dynamics (PSID). The PSID is a nationally representative longitudinal household survey that also provides repeated measures of wealth and allows linking parents and their offspring across generations (Social Science Research Center, 2024). This makes it well suited for estimating intergenerational wealth mobility in a manner comparable to our SOEP-based analysis.

For the PSID analysis, we construct an analytical sample that is designed to be as comparable as possible to our German SOEP sample. In particular, we mirror our main sample design choices regarding the definition of parent and offspring generations, the use of wealth ranks, and the age restrictions applied in both generations. This harmonized

approach reduces the scope for cross-country differences in estimated intergenerational rank–rank correlations to be mechanically driven by differences in sample composition or life-cycle stage.

We emphasize that this comparison is intended as a descriptive benchmark rather than a full institutional decomposition of cross-country differences. Since we rely on rank-based measures of wealth, our estimates are less sensitive to differences in wealth measurement across surveys. Aligning the core analytical choices across SOEP and PSID thus allows us to assess whether intergenerational wealth persistence in Germany is higher or lower than in the United States under a closely comparable empirical framework.

2.3 Empirical strategy

Our primary measure of intergenerational wealth transmission is the intergenerational rank-rank correlation (IRRC) in wealth. Specifically, we estimate the following linear model:

$$w_{r,t}^c = \beta w_{r,t-1}^p + \gamma X + \varepsilon_{r,t} \quad (1)$$

where $w_{r,t}^c$ denotes the wealth rank of child c from family r (either from 2002 or 2017) and $w_{r,t-1}^p$ denotes the corresponding parental wealth rank (either from 1988 or 2002). The coefficient β captures the IRRC in wealth. For example, an estimate of $\beta=0.25$ implies that a 10-percentile higher parental wealth rank is associated with a 2.5-percentile higher offspring wealth rank on average. The vector X includes controls for age and age squared in both generations (for mothers, fathers, and offspring) and, depending on the specification, indicators for the observation window, offspring gender, and parental socioeconomic characteristics such as education and income rank. Standard errors are clustered at the family level.

In addition to estimating average intergenerational rank–rank correlations, we complement the linear specification with mobility curves that relate average offspring wealth ranks to parental wealth ranks across the entire parental distribution (Aaberge and Mogstad, 2014; Chetty et al., 2014). This non-parametric approach allows us to assess potential non-linearities and heterogeneous transmission patterns that may not be captured by a single linear association.

To examine whether wealth transmission differs across time periods and population subgroups, we extend the baseline specification by interacting parental wealth rank with indicators for the observation window (1988–2002 vs. 2002–2017), offspring gender, and parental socioeconomic background (in particular, parental education). These interaction models allow us to test for systematic heterogeneity in intergenerational wealth transmission while maintaining a consistent empirical framework across specifications.

3 Results

3.1 Intergenerational rank-rank correlations of wealth in Germany

We begin by estimating the intergenerational rank–rank correlation (IRRC) in wealth using the pooled sample combining both observation windows. Pooling provides a baseline estimate of intergenerational wealth persistence in Germany and allows us to evaluate the sensitivity of the IRRC to alternative sets of covariates. In the pooled sample, we estimate an IRRC of 0.265 (Table 2, column 1), implying that a 10-percentile higher parental wealth rank is associated with a 2.65-percentile higher offspring wealth rank on average. This magnitude indicates a substantial degree of persistence in relative wealth positions across generations.

Table 2 further shows that this estimate is remarkably stable across specifications. Including a gender indicator (column 2) and parental education (column 3) leaves the IRRC virtually unchanged, suggesting that intergenerational wealth persistence is not primarily driven by differences in the gender composition of the offspring sample or by broad educational gradients in the parental generation. Adding an indicator for the later observation window (column 4) similarly has little effect on the estimated association. Finally, controlling flexibly for age and age squared in both generations (column 5) reduces the estimate only modestly to 0.240, suggesting that the observed persistence is not a mechanical consequence of life-cycle differences in wealth accumulation across the linked generations.

To place these German estimates in an international context, Figure 1 plots the intergenerational association in wealth against the level of wealth inequality across the set of countries for which comparable evidence is currently available. Existing empirical evidence on the intergenerational transmission of wealth covers Japan (Kubota, 2017),

Australia (Siminski and Yu, 2022), Denmark (Boserup et al., 2017), France (Arrondel, 2009), Taiwan (Chu et al., 2019), Italy (Acciari et al., 2021), South Korea (Ma, 2016), Norway (Black et al., 2020; Fagereng et al., 2021), the United States (Charles and Hurst, 2003; Gregg and Kanabar, 2022; Pfeffer and Killewald, 2018), and Sweden (Black et al., 2020).⁵

Table 2 Intergenerational rank-rank correlations of wealth in Germany

	(1)	(2)	(3)	(4)	(5)
Parental rank	0.265***	0.264***	0.258***	0.263***	0.240***
se	(0.024)	(0.024)	(0.025)	(0.025)	(0.024)
Female		-0.911	-0.953	-1.282	-0.730
se		(1.273)	(1.273)	(1.269)	(1.249)
Univ. entrance cert. (par.)			2.969**	1.825	3.664**
se			(1.508)	(1.539)	(1.518)
Sample 2002-2017				3.673***	1.351
se				(1.301)	(1.329)
Age Controls					X
Constant	29.829***	30.305***	30.006***	28.287***	-17.682
se	(1.579)	(1.710)	(1.704)	(1.813)	(16.042)
<i>Observations</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>

Note: own calculations based on SOEP v37; Dependent variable: individual's net wealth rank; Standard errors in parentheses; * p<0.10, ** p<0.05, *** p<0.01.

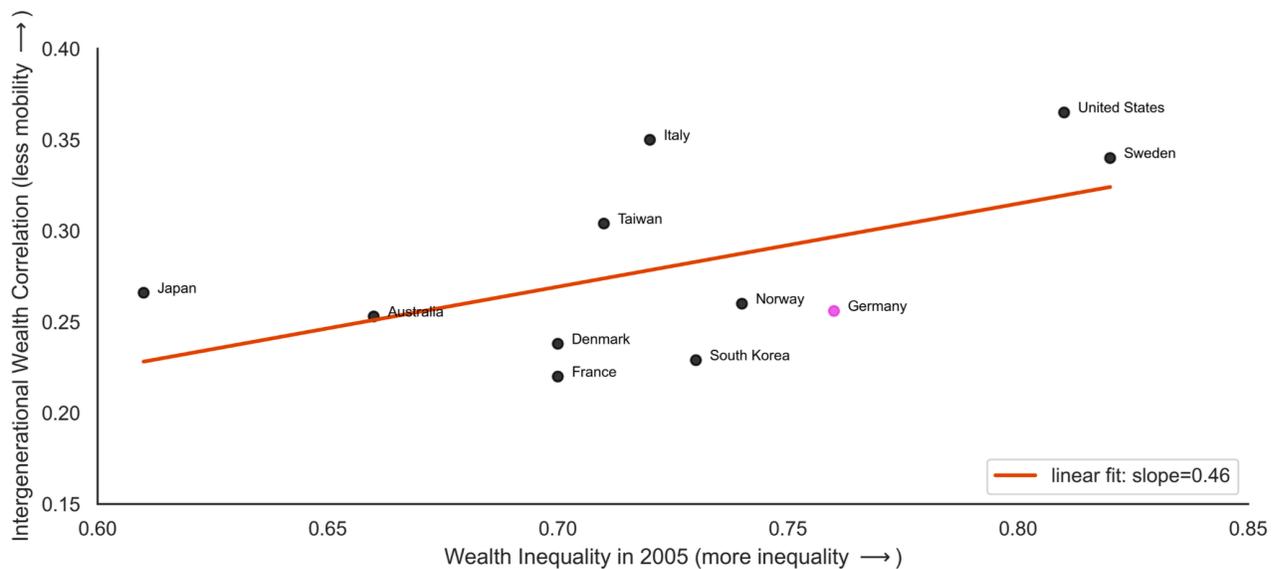
To our knowledge, Figure 1 provides the first systematic compilation of existing wealth mobility estimates in a Great Gatsby curve framework.⁶ This wealth-based version of

⁵ See Table SI.1 in the appendix for more details.

⁶ Note that it would be preferable if all the estimates shown in Figure 1 were based on the same data limitations and conceptual choices. Unfortunately, this is not the case, so we include from each study the estimate that is most comparable to our estimates for Germany. See Table SI.1 in the appendix for details on the included papers.

the Great Gatsby curve suggests a positive association between wealth inequality and intergenerational wealth persistence, mirroring patterns commonly documented for income mobility (Corak, 2013b). The slope of the linear fit in Figure 1 is 0.46. Germany is located in the middle of the international distribution: the estimated degree of wealth transmission is lower than in the United States and Italy, but higher than in Denmark and France. At the same time, wealth inequality in Germany is comparatively high relative to several countries with similar or lower levels of wealth persistence. Notably, we also find that Sweden is quite comparable to the US in this respect, which contrasts sharply with the lower level of income transmission typically found in Sweden. While cross-country comparisons necessarily combine estimates drawn from different data sources and institutional contexts, the international evidence highlights that Germany is neither an outlier in terms of intergenerational wealth persistence nor among the most mobile societies. Instead, the German case reflects a combination of relatively high wealth inequality and an intermediate level of intergenerational wealth transmission.

Figure 1 The Great Gatsby Curve in Wealth



Source: Authors' compilation based on published estimates. Estimates are drawn from different studies and may differ in data sources, wealth definitions, and sample restrictions; we select the most comparable estimates available. See Table SI.1 in the appendix for more detailed information.

Overall, these results provide robust evidence for meaningful intergenerational persistence in wealth ranks in Germany. In the following sections, we examine whether this association has changed over time, whether it differs across population subgroups, and how it relates to parental income and education. We also place the German estimates in a more detailed international perspective, comparing them to the United States using a harmonized PSID sample.

3.2 Intergenerational rank-rank correlations of wealth in Germany over time

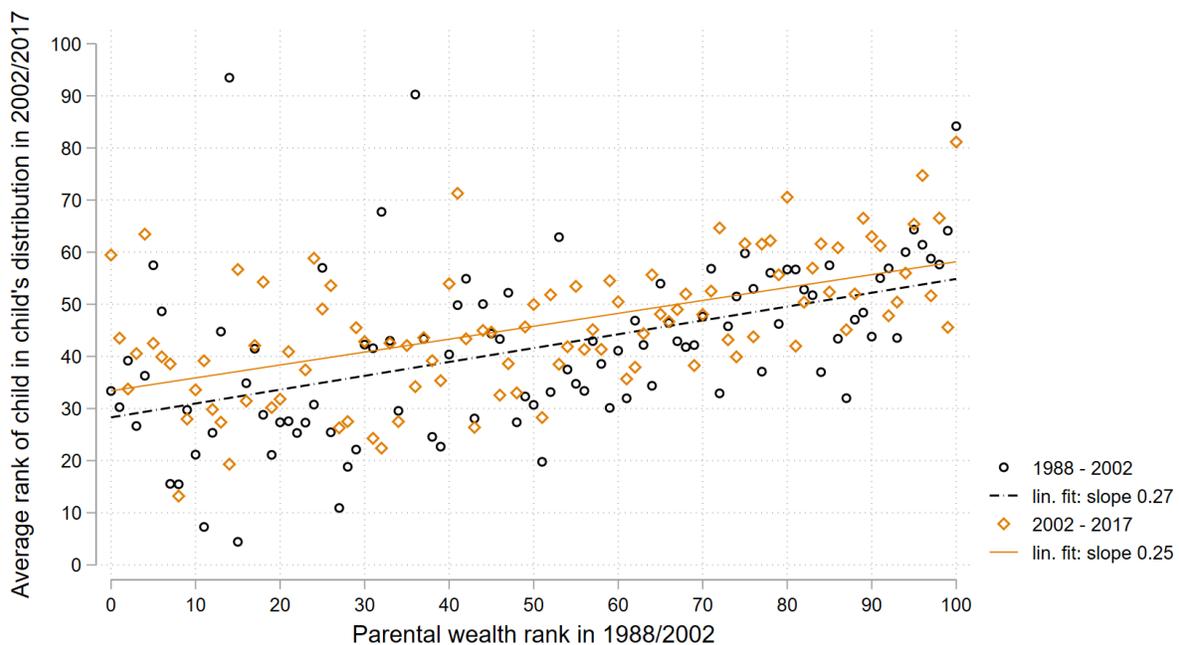
Next, we exploit the long time horizon of the SOEP wealth data to examine whether intergenerational wealth persistence has changed over time. We therefore estimate the baseline rank-rank specification separately for the two observation windows, 1988–2002 and 2002–2017, and additionally test for differences by interacting parental wealth rank with an indicator for the later period.

The results indicate a remarkably stable degree of intergenerational wealth transmission across the two windows. The estimated IRRC equals 0.26 for 1988–2002 and 0.24 for 2002–2017. In line with this descriptive comparison, neither the period indicator nor its interaction with parental wealth rank is statistically meaningful, suggesting no detectable change in the strength of wealth persistence over time. This is a striking result, given that the period considered, 1988–2017, includes major institutional events such as German reunification.

Figure 2 visualizes this finding using mobility curves, which plot the average wealth rank of children for each parental wealth rank separately by period along with a linear fit through these data points. (Aaberge and Mogstad, 2014; Chetty et al., 2014). Mobility curves are a useful extension of the estimates presented above because they provide a detailed, distributional perspective on intergenerational mobility by capturing how mobility varies across the entire parental wealth distribution, rather than summarizing it with a single average measure. In contrast to the linearity assumption of OLS, mobility curves can reveal nonlinearities and heterogeneous patterns, providing a more complete understanding of the anatomy of the intergenerational transmission process.

The resulting curves are highly similar across the two observation windows and closely approximated by linear relationships, with slopes of 0.27 and 0.25, respectively. We find no evidence of pronounced non-linearities at the top or bottom of the parental wealth distribution, indicating that intergenerational wealth persistence in Germany is broadly stable across the distribution as well as over time. Consistent with this, Figure SI.2 in the appendix (based on the pooled sample) shows that persistence is not concentrated at the extremes of the parental distribution. In contrast, the share of stayers is highest in the middle of the wealth distribution.

Figure 2 Average Rank of Children by Parental Rank and Period



While the early window includes only West German families by construction, the similarity of the estimated associations across periods suggests that major macroeconomic and institutional changes during the observation horizon, this includes German reunification, did not translate into substantial changes in intergenerational wealth transmission in relative terms.

This stable level of intergenerational transmission over both periods also has a methodological advantage, allowing us to use the (larger) pooled sample in the following subgroup analyses.

Table 3 Intergenerational rank-rank correlations of wealth (incl. interaction terms)

	(1)	(2)	(3)	(4)	(5)
Parental rank	0.265***	0.296***	0.316***	0.317***	0.278***
se	(0.024)	(0.034)	(0.036)	(0.041)	(0.040)
Female		3.130	3.149	2.896	2.324
se		(3.161)	(3.150)	(3.139)	(3.013)
Female X Parental rank		-0.067	-0.067	-0.068	-0.050
se		(0.048)	(0.048)	(0.048)	(0.046)
Univ. entrance cert. (par.)			12.615***	11.061**	11.967***
se			(4.404)	(4.515)	(4.269)
Univ. entrance cert. (par.) X Parental rank			-0.143**	-0.136**	-0.123**
se			(0.063)	(0.065)	(0.061)
Sample 2002-2017				3.166	0.157
se				(3.245)	(3.110)
Sample 2002-2017 X Parental rank				0.006	0.018
se				(0.049)	(0.047)
Age Controls					X
Constant	29.829***	28.306***	26.498***	25.059***	-17.732
se	(1.579)	(2.272)	(2.323)	(2.710)	(16.074)
<i>Observations</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>	<i>1,535</i>

Note: own calculations based on SOEP v37; Dependent variable: individual's net wealth rank; Standard errors in parentheses; * p<0.10, ** p<0.05, *** p<0.01.

3.3 Intergenerational rank-rank correlations of wealth in Germany by subgroups

We next examine heterogeneity in intergenerational wealth transmission by estimating interaction models for key subgroups. The results are summarized in Table 3 and complemented by mobility curves in the Supporting Information in the appendix. Throughout, we emphasize that these subgroup analyses are designed to capture differences in relative wealth mobility as reflected in changes in the rank–rank slope, rather than differences in average wealth levels between groups.

First, intergenerational wealth persistence is highly similar for sons and daughters. Table 3 (column 2) shows that the interaction between parental wealth rank and offspring gender is small and statistically insignificant, and the gender indicator itself is also not statistically meaningful once parental rank is accounted for. Figure SI.3 in the appendix visualizes these findings using mobility curves by gender and confirms that the rank–rank relationship is virtually identical for sons and daughters, with very similar slopes across the parental wealth distribution. Taken together, these results suggest that intergenerational wealth transmission in Germany is not strongly differentiated by gender in relative rank terms.

Second, we find little evidence of meaningful variation in the IRRC across offspring birth cohorts. Figure SI.4 reports cohort-specific estimates which are tightly clustered and range between 0.226 (1973–1977 cohort) and 0.257 (1983–1987 cohort). This narrow range is consistent with the overall stability of intergenerational wealth persistence documented above and suggests that intergenerational wealth mobility did not change systematically across successive cohorts in the offspring generation within our observation window.

Third, we observe significant heterogeneity by parental education. In Table 3 (column 3), interacting parental wealth rank with an indicator for whether at least one parent holds a university entrance qualification yields a negative and statistically significant interaction effect. This implies that the association between parental and offspring wealth ranks is weaker among individuals from highly educated families, indicating higher relative mobility within this group. Figure SI.5 provides a complementary non-parametric view of this pattern. The mobility curves show a markedly flatter slope for offspring from highly educated families compared to those whose parents do not hold a university entrance qualification.

Importantly, this result does not imply that children from highly educated families have lower wealth outcomes. On the contrary, the mobility curves indicate substantial level differences: across the parental wealth distribution, offspring from highly educated families tend to occupy higher expected wealth ranks. The flatter slope is driven primarily by comparatively higher wealth ranks among children from highly educated families at the lower end of the parental wealth distribution. In other words, parental education is associated with an upward shift in offspring wealth ranks, while at the same time weakening the extent to which relative wealth positions depend on parental wealth ranks. This finding highlights that relative mobility (captured by the slope of the rank-rank relationship) and the overall level advantage of children from highly educated families can move in opposite directions. That is, children of highly educated parents exhibit both higher expected wealth ranks and weaker dependence on parental wealth rank.

Table SI.2 in the appendix reports a related result. The estimated IRRC is lower for children from highly educated families, but when we divide the sample by median income instead, wealth transmission is actually stronger for children from families whose parents had above-median income, indicating higher wealth transmission for this group. This finding underscores that income, education, and wealth, while correlated, are individually important markers of a family's socioeconomic status (Hällsten and Thaning, 2022).

Finally, in columns 4 and 5 of Table 3, we add an indicator for the period along with an interaction term, and, consistent with the findings above, neither the indicator nor the interaction term turns out to be significant. Again, there is no evidence of differences between the periods examined.

3.4 Intergenerational rank-rank correlations of wealth and parental socioeconomic background

In Table 4, we assess the extent to which intergenerational wealth persistence reflects broader parental socioeconomic background as captured by income and education. The top panel uses offspring wealth rank as the dependent variable and contrasts parental wealth rank with parental income rank and parental education. Columns (1)–(3) report estimates from separate regressions including each background measure individually, while columns (4) and (5) combine these measures in a joint specification.

Table 4 Intergenerational rank-rank correlations of wealth and measures of parental socioeconomic background

	(1)	(2)	(3)	(4)	(5)
DV: Individual Wealth Rank					
Parental Net Wealth	0.25***			0.20***	0.20***
se	(0.024)			(0.025)	(0.026)
Parental Net Income		0.23***		0.15***	0.14***
se		(0.026)		(0.028)	(0.029)
Parental Education			6.36***		1.81
se			(1.53)		(1.59)
Controls	Yes	Yes	Yes	Yes	Yes
<i>N</i>	1,535	1,535	1,535	1,535	1,535
DV: Individual Income Rank					
Parental Net Wealth	0.18***			0.11***	0.11***
se	(0.025)			(0.026)	(0.026)
Parental Net Income		0.22***		0.17***	0.16***
se		(0.027)		(0.028)	(0.029)
Parental Education			7.23***		3.26*
se			(1.687)		(1.740)
Controls	Yes	Yes	Yes	Yes	Yes
<i>N</i>	1,492	1,492	1,492	1,492	1,492
Note: own calculations based on SOEP v37; Standard errors in parentheses; * p<0.10, ** p<0.05, *** p<0.01.					

The results show that parental wealth rank is strongly associated with offspring wealth rank, even when alternative indicators of parental socioeconomic status are considered.

While parental income rank and parental education are also predictive of offspring wealth ranks, controlling for these factors only partly attenuates the association between parental and offspring wealth ranks. Specifically, the estimated IRRC in wealth declines from about 0.25 to around 0.20 once parental income and education are included simultaneously, corresponding to a reduction of roughly 20%. We interpret this reduction as a descriptive accounting measure, indicating that a substantial share of intergenerational wealth persistence operates through channels beyond standard measures of parental income and education.

The bottom panel of Table 4 repeats the same exercise using offspring income rank as the dependent variable. In this case, the baseline intergenerational association is smaller and more strongly reduced when parental education and parental wealth are included jointly, with the IRRC in income declining from about 0.22 to 0.16 (a reduction of approximately 27%). However, taken together, these results underscore that wealth is not merely a proxy for parental income or education. Rather, parental wealth captures an additional dimension of socioeconomic advantage that contributes to the persistence of economic positions across generations.

These findings support the view that wealth constitutes an independent dimension of intergenerational advantage, reinforcing inequality in economic outcomes beyond what can be explained by parental income and education alone.

3.5 Intergenerational rank-rank correlations of wealth and offspring characteristics

We next examine heterogeneity in intergenerational wealth persistence by selected offspring characteristics. Table 5 summarizes these results. We again interpret the estimates as descriptive patterns and emphasize that some subgroup indicators, such as receipt of inheritances or gifts and self-employment status, may themselves reflect intergenerational processes.

First, splitting the sample by gender yields very similar estimates for sons and daughters, confirming the results from the interaction models above. Second, we compare East and West Germany for the later observation window, as parental wealth is not observed for East German households in 1988. The results indicate weaker

intergenerational wealth persistence in East Germany (IRRC 0.15) than in West Germany (IRRC 0.25). A plausible interpretation is that wealth accumulation opportunities were substantially more limited in East Germany prior to reunification, which may have impeded the formation of long-term family wealth trajectories and reduced persistence in relative wealth positions.

Table 5 Regression results by offspring characteristics

	Estimate	se	R2	N
Reference estimate				
Full pooled sample	0.25	0.024	0.14	1,535
Individual characteristics				
Sons	0.26	0.035	0.13	804
Daughters	0.23	0.032	0.13	731
West (2002-2017)	0.25	0.042	0.14	515
East (2002-2017)	0.15	0.065	0.13	227
No Inheritance/Gift received	0.23	0.025	0.11	1,320
Inheritance/Gift received	0.15	0.076	0.14	152
Not self-employed	0.23	0.025	0.11	1,414
Self-employed	0.44	0.097	0.26	90

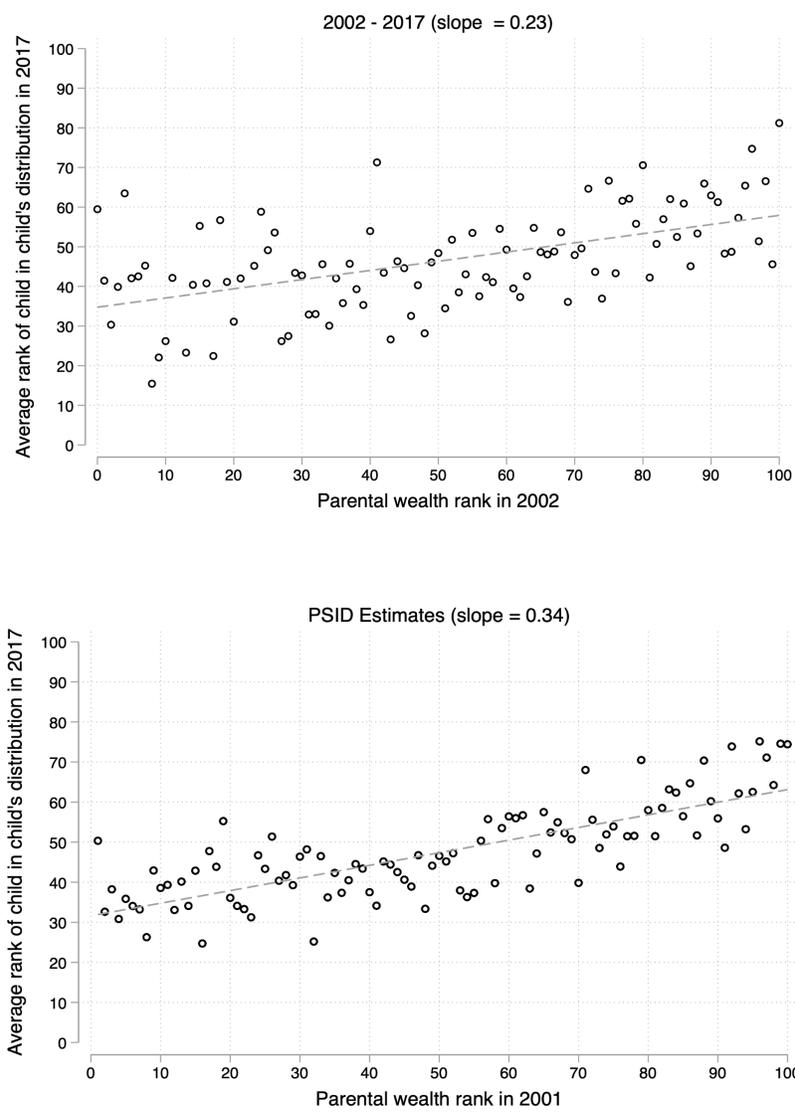
Note: own calculations based on SOEP v37; Standard errors in column se; All estimates significant with $p < 0.01$.

Finally, we explore heterogeneity by whether offspring report having received a substantial inheritance or gift⁷ and by whether they are self-employed. In both cases, the subgroup sizes are highly unbalanced, leading to imprecise estimates. While the point

⁷ This potential for direct transfers is a major conceptual difference in the analysis of the intergenerational transmission of wealth compared to the case of income or education.

estimates suggest higher persistence among the self-employed which would be consistent with the potential role of business assets in wealth transmission, we refrain from strong conclusions given the limited statistical precision. Overall, the subgroup analyses support the robustness of the main finding of stable intergenerational wealth persistence in Germany. We stress that these subgroup comparisons are not intended to identify causal mechanisms, as subgroup status may be endogenous to parental wealth.

Figure 3 Intergenerational rank-rank correlations of wealth in Germany and the US



Source: Own illustration based on comparable samples based on SOEP (top) and PSID (bottom) data.

3.6 Intergenerational rank-rank correlations of wealth in Germany compared to the US

Finally, we place Germany in a detailed international perspective by comparing intergenerational wealth transmission to the United States using a harmonized analytical sample constructed from the PSID (see Section 2.2). Figure 3 plots mobility curves for both countries. The results show substantially stronger intergenerational wealth persistence in the United States than in Germany. In particular, the estimated slope of the rank–rank relationship is around 0.34 in the United States compared to about 0.23 in Germany, indicating that relative wealth positions are more strongly transmitted across generations in the US. This is in line with the Great Gatsby curve for wealth presented above (Figure 1) showing that the estimated IRRC in Germany is smaller than the estimate for the US (0.36, see Pfeffer and Killewald (2018)).

To shed light on potential mechanisms underlying this difference, we explore the role of homeownership as a key channel of wealth accumulation. While homeownership rates have declined across cohorts in both countries, they remain substantially higher in the United States than in Germany throughout the distribution and over time (see Figure SI.6 in the appendix). This institutional difference may contribute to cross-national variation in intergenerational wealth mobility through the central role of owner-occupied housing in household wealth accumulation.

Table 6 provides exploratory evidence consistent with this interpretation. In both countries, the intergenerational rank–rank correlation in wealth is substantially reduced once we control for offspring homeownership. In Germany, the estimated association declines from 0.23 to 0.18 (22%), while in the United States it declines from 0.32 to 0.21 (34%). The larger reduction in the US suggests that differences in homeownership and housing-related wealth accumulation account for a sizable part of the higher degree of intergenerational wealth persistence observed in the United States relative to Germany. At the same time, parental homeownership is not statistically significant once parental wealth rank is included, indicating that the intergenerational persistence captured by parental wealth is not primarily driven by parental housing status alone.

Table 6 Accounting for Homeownership in Intergenerational Wealth Persistence

	(1)	(2)	(3)
DV: Individual Wealth Rank of Offspring (Germany)			
Parental rank	0.23***	0.27***	0.18***
se	(0.03)	(0.05)	(0.03)
Home Ownership Parents		-2.73	
se		(2.65)	
Home Ownership Offspring			26.85***
se			(1.66)
Constant	-127.24*	-122.25*	-76.95
se	(67.14)	(67.36)	(56.36)
<i>N</i>	759	759	759
DV: Individual Wealth Rank of Offspring (United States)			
Parental rank	0.32***	0.33***	0.21***
se	(0.03)	(0.04)	(0.03)
Home Ownership Parents		-1.19	
se		(1.95)	
Home Ownership Offspring			30.14***
se			(1.12)
Constant	-72.21	-71.49	-31.78
se	(54.51)	(54.62)	(48.39)
<i>N</i>	1,879	1,879	1,879
Note: own calculations based on SOEP v37; Standard errors in parentheses; * p<0.10, ** p<0.05, *** p<0.01; All regressions control for age, sex, and education level.			

We emphasize that these results should be interpreted as a descriptive accounting exercise rather than a causal decomposition, as homeownership is likely endogenous to parental wealth, income, and life-course processes that are themselves part of intergenerational wealth transmission. Nevertheless, the findings highlight the potential

importance of housing-related institutions for understanding cross-national differences in intergenerational wealth mobility.

4 Discussion

We find that the intergenerational rank–rank correlation in individual net wealth in Germany is substantial and highly stable over time. Across our two observation windows, the estimated association ranges between 0.24 and 0.26, placing Germany in the middle range of high-income economies in terms of intergenerational wealth persistence. This stability is noteworthy given pronounced changes in the German wealth distribution since the early 1990s and suggests that relative wealth positions have remained persistently linked across generations despite major macroeconomic and institutional developments.

At the same time, our findings rely on a number of assumptions and data constraints that are common in the emerging empirical literature on intergenerational wealth transmission. In contrast to the mature literature on intergenerational income mobility, where methodological debates on measurement error, life-cycle bias, and the role of multi-year averaging have been ongoing for decades, the empirical study of intergenerational wealth mobility is still relatively young, and several key methodological issues remain unsettled (Lersch et al., 2023).⁸

A data-driven limitation of our analysis is that we observe wealth at only a single point in time for each generation. 1988 or 2002 for parents and 2002 or 2017 for offspring. This may matter if single-year wealth measures are subject to substantial transitory variation or measurement error. In the income mobility literature, numerous contributions have shown that relying on a single-year measure can lead to classical and non-classical attenuation and a potentially substantial underestimation of intergenerational persistence (e.g., Mazumder, 2016; Solon, 1992; Zimmerman, 1992). Moreover, life-cycle effects can bias intergenerational mobility estimates if wealth is measured at ages that do not adequately

⁸ The literature also still lacks a clear consensus on the theoretical underpinnings. While wealth is likely related to the concept of permanent income in the seminal work of Becker and Tomes (1979), Boserup et al. (2017) suggest focusing on lifetime resources instead.

reflect long-run economic position (e.g., Grawe, 2006; Haider and Solon, 2006; Jenkins, 1987; Mello et al., 2022; Nybom and Stuhler, 2016).⁹

A related concern is that life-cycle bias may vary systematically with the age at which offspring wealth is observed. Recent work has therefore used cohort-specific estimates of intergenerational rank correlations as an implicit test for the relevance of life-cycle bias: if wealth ranks at younger ages are a poor proxy for long-run wealth, estimates should be systematically lower for younger cohorts and increase with age. Chu et al. (2024) implement this approach for Taiwan and show that cohort-specific rank correlations provide informative evidence on the magnitude of life-cycle bias in intergenerational wealth mobility estimates.¹⁰

In our setting, we follow the same logic by estimating intergenerational wealth persistence separately by offspring birth cohort (see Figure SI.4 in the appendix and the discussion in section 3.3). We find that cohort-specific estimates are tightly clustered and do not exhibit a systematic age gradient, suggesting that remaining life-cycle bias is likely limited in magnitude. Since wealth is conceptually distinct from income, it remains unclear to what extent these concerns carry over to estimates of intergenerational wealth transmission.

However, we address them in several ways. First, to mitigate potential life-cycle bias, we restrict wealth observations in both generations to ages 30–55 and apply the same rule in our PSID-based comparison for the United States. Second, we rely on rank-based measures of wealth, which are less sensitive to extreme values and differences in measurement scale across waves. Finally, as an external benchmark, we replicate our empirical approach in the United States using a closely comparable analytical sample and obtain estimates in line with previously published results.¹¹ Taken together, these steps increase confidence that our findings for Germany are not driven by mechanical life-cycle differences or survey-specific features of the German wealth measurement.

⁹ Using ranks instead of raw values can under some circumstances reduce the potential for bias (Chetty et al., 2014).

¹⁰ While there are no papers explicitly analysing life-cycle bias, there are other contributions that present and compare IRRC estimates at different ages (e.g., Boserup et al., 2017; Siminski and Yu, 2022) and there are contributions that analyze wealth accumulation over the life-span (Schnitzlein et al., 2024).

¹¹ Siminski and Yu (2022) follow a similar approach in their analysis of Australia, based on data from the HILDA survey, which suffers from similar problems as our SOEP data.

Beyond documenting levels and trends, our results shed light on the sources of intergenerational wealth persistence. Controlling for parental income and education attenuates the intergenerational association in wealth only modestly, indicating that wealth captures an additional dimension of socioeconomic advantage beyond standard markers of parental background. This pattern is consistent with the idea that intergenerational processes of wealth transmission operate not only through investments in human capital and earnings capacity, but also through other direct and indirect channels that shape wealth accumulation over the life course.

A key implication of our findings is that relative wealth mobility can remain highly stable even in the presence of substantial changes in the overall distribution of wealth. The stability of the estimated IRRC over time suggests that macro-level developments, such as rising wealth inequality up to the late 2000s and subsequent stabilization, did not translate into measurable shifts in the intergenerational link between parents' and children's relative wealth positions. One interpretation is that the structural mechanisms generating persistence in wealth ranks may be persistent themselves, even when aggregate inequality changes. This highlights the importance of distinguishing between changes in the level of wealth inequality and changes in equality of opportunity as captured by intergenerational mobility measures.

Placing Germany in an international perspective, we find that intergenerational wealth persistence is substantially higher in the United States than in Germany, despite broadly comparable long-run income mobility patterns documented in previous research (Schnitzlein, 2016). This cross-country difference suggests that institutional features shaping wealth accumulation may matter for understanding wealth mobility beyond what can be inferred from income mobility alone. Our exploratory accounting analyses indicate that differences in homeownership are associated with an important part of the higher intergenerational wealth persistence observed in the United States. In particular, controlling for offspring homeownership reduces the intergenerational wealth association more strongly in the US than in Germany, consistent with a central role of owner-occupied housing as a key vehicle of wealth accumulation in the American context.

We emphasize, however, that these homeownership results should be interpreted as descriptive and exploratory rather than causal, since homeownership is likely endogenous to parental wealth, income, and other life-course processes that are

themselves part of intergenerational wealth transmission. Nevertheless, the findings illustrate how housing-related institutions may contribute to cross-national differences in wealth mobility and point to the potential importance of policies affecting access to homeownership and housing wealth accumulation for shaping intergenerational opportunity structures.

Finally, our analysis points to several directions for future research. A more complete understanding of the mechanisms underlying intergenerational wealth persistence requires data that allow a closer separation of channels such as inheritances and gifts, housing wealth accumulation, and business ownership, ideally combined with richer information on timing and amounts of transfers. Moreover, cross-country comparisons would benefit from further harmonization of wealth concepts and lifecycle measurement across surveys and administrative sources, in order to better distinguish institutional effects from measurement differences.

Overall, our findings highlight that Germany combines comparatively high wealth inequality with an intermediate but substantial degree of intergenerational wealth persistence. Despite major macroeconomic changes and institutional transformations over the last three decades, relative wealth positions remain strongly linked across generations. This suggests that wealth constitutes a persistent dimension of intergenerational advantage and reinforces the importance of studying wealth mobility directly, rather than inferring it from patterns of income mobility alone.

5 Conclusion

This paper provides the first systematic evidence on intergenerational wealth transmission in Germany using newly harmonized SOEP wealth data spanning nearly three decades. We document a substantial and highly stable degree of wealth persistence, with an intergenerational rank–rank correlation of around 0.25 that changes little across time, gender, and birth cohorts. Controlling for parental income and education attenuates the intergenerational association only modestly, indicating that wealth captures a distinct dimension of socioeconomic advantage. In an international comparison with the United States, Germany exhibits lower wealth persistence, and exploratory evidence suggests that differences in homeownership may account for an important part of this gap.

Finally, what does that mean for the possibility of the Buddenbrook family case portrayed by Thomas Mann that we started with in reality? Overall, while cultural narratives such as the Buddenbrooks highlight dramatic intergenerational trajectories within individual families, our results suggest that the aggregate strength of intergenerational wealth transmission in modern Germany has remained remarkably stable over the past decades. At the same time, a stable and moderate rank-rank correlation is fully consistent with substantial upward and downward mobility at the individual or family level over multiple generations.

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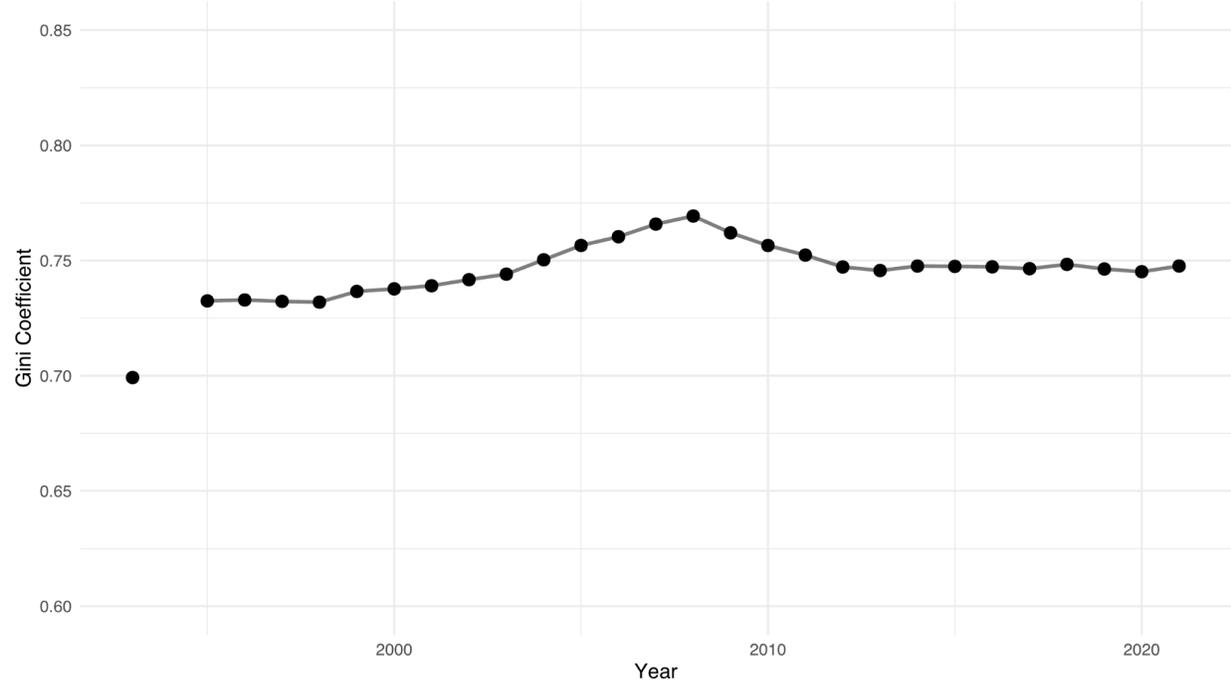
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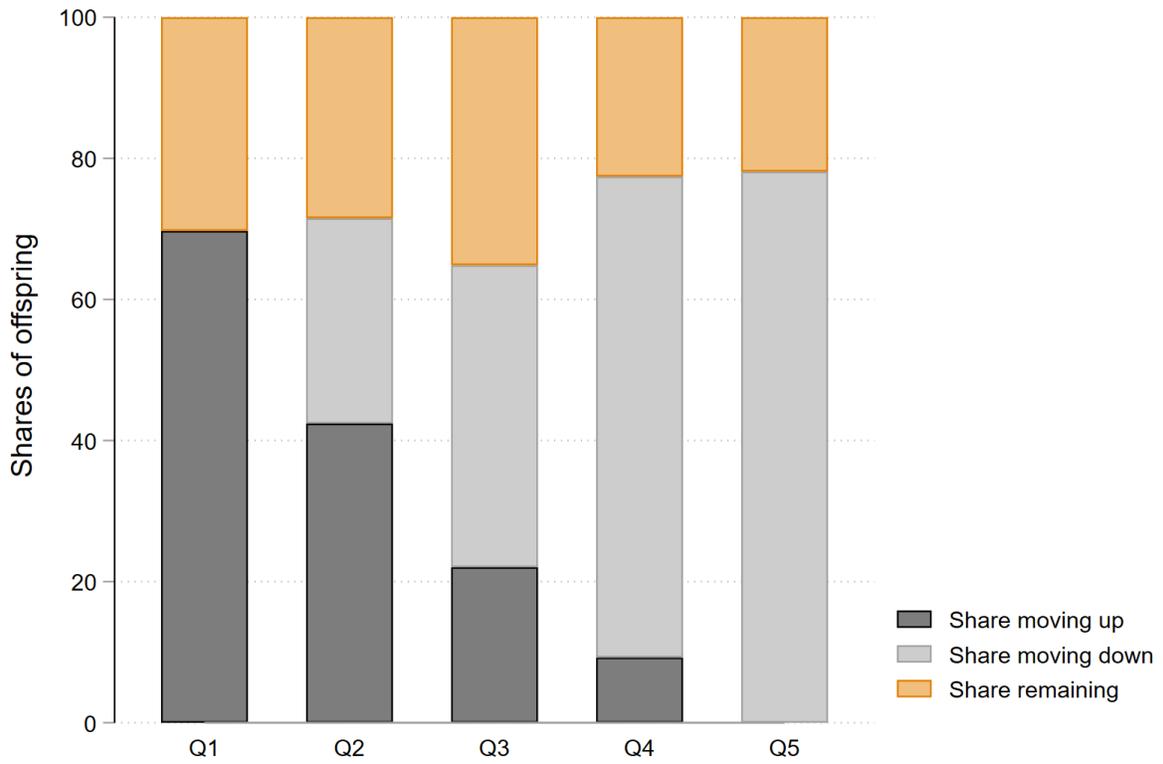
Supporting Information Appendix (SI)

Figure SI.1. Development of the Gini index in net wealth in Germany over time



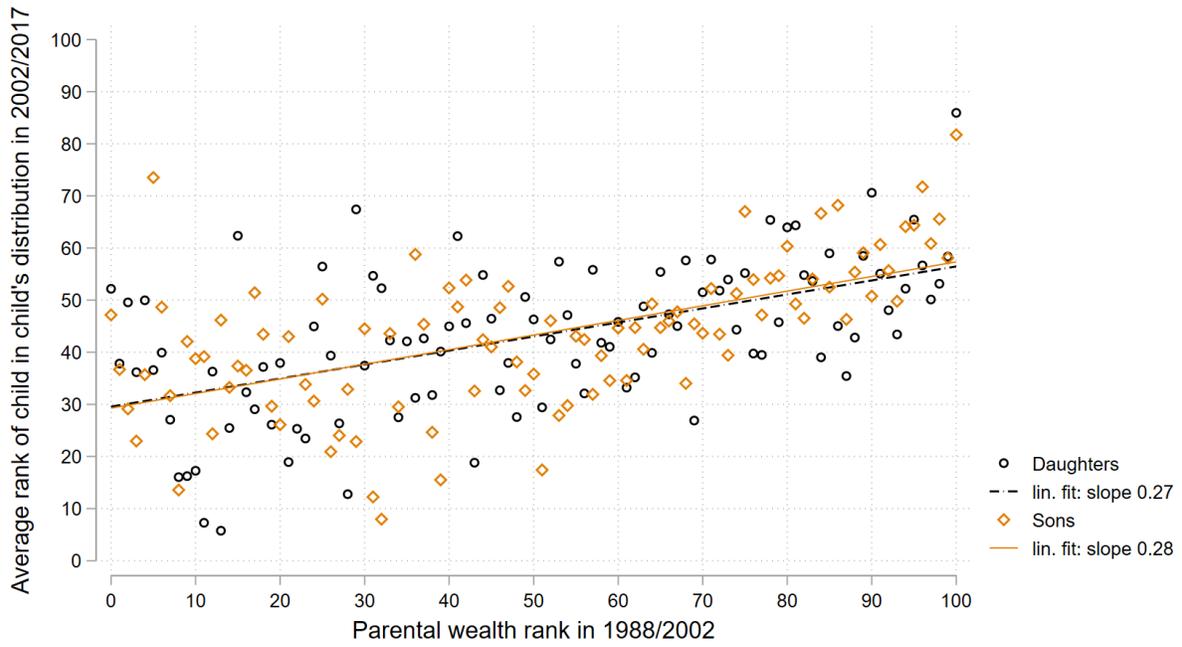
Source: Own illustration based on WID data.

Figure SI.2 Share of offspring moving across parental wealth quintiles



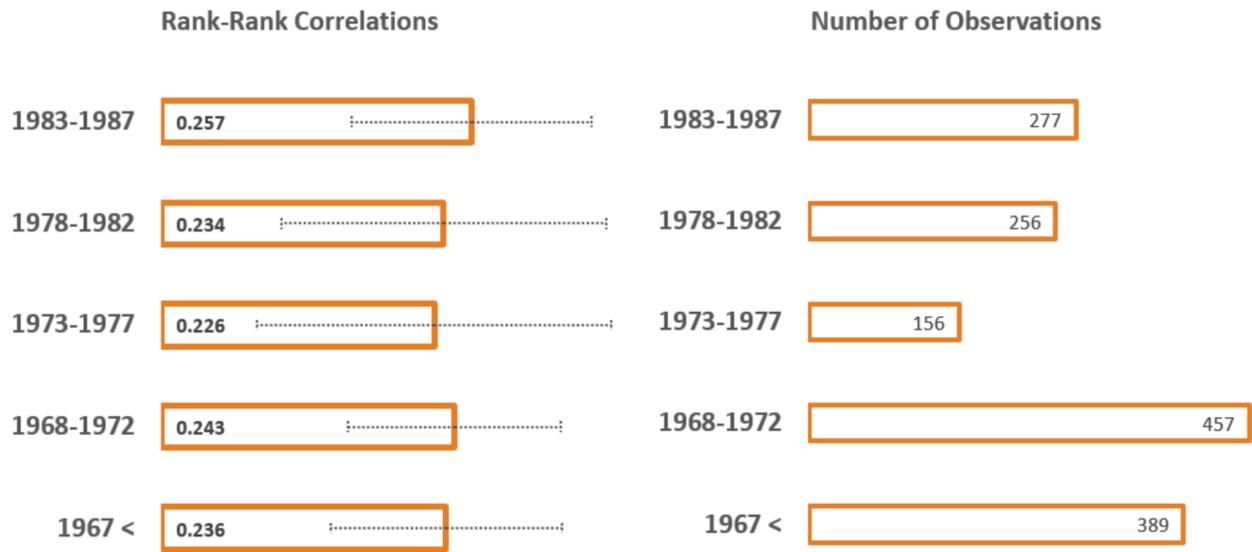
Source: Own calculations based on the pooled sample.

Figure SI.3 Average Rank of Children by Parental Rank and Gender



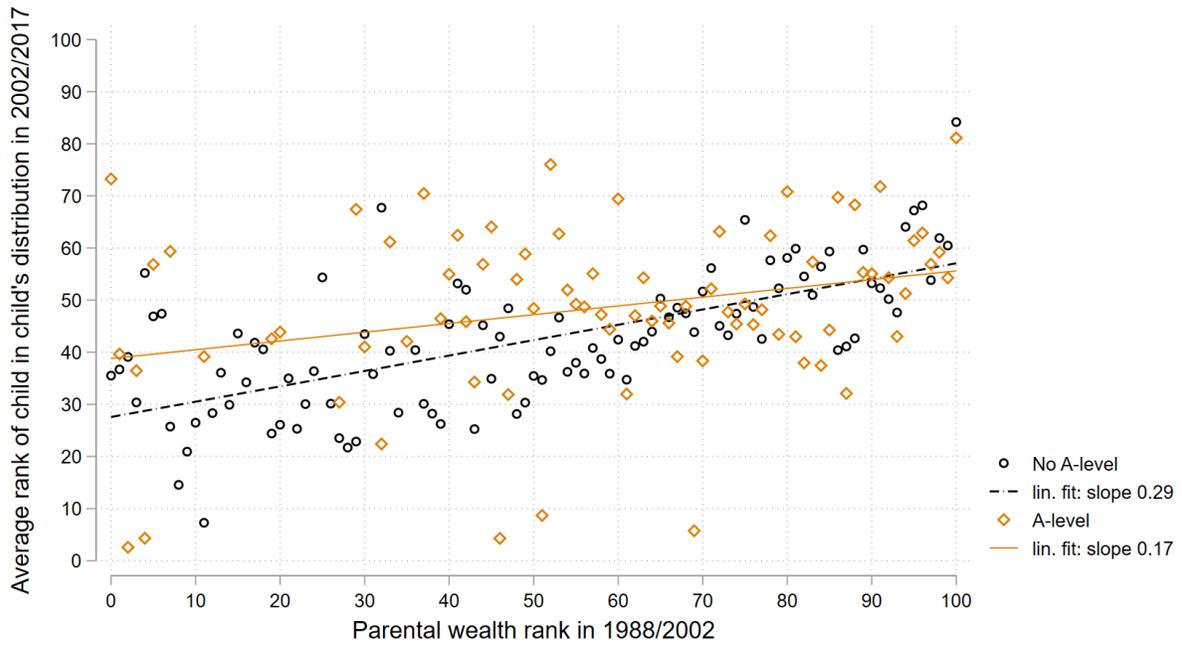
Source: Own calculations

Figure SI.4 Rank-rank correlations in wealth by offspring cohort



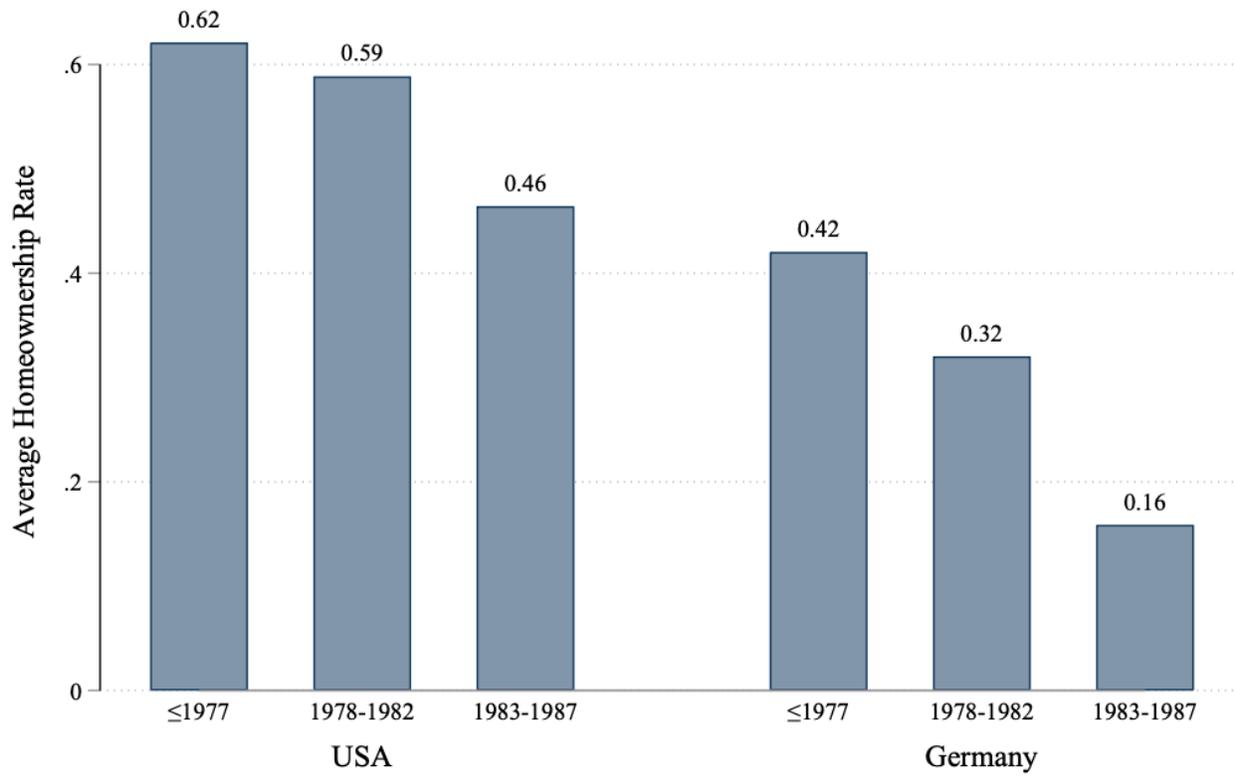
Source: Own calculations based on the pooled sample.

Figure SI.5 Average Rank of Children by Parental Education



Source: Own illustration based on SOEP data.

Figure SI.6 Homeownership rate by cohort and country



Source: Own illustration based on SOEP and PSID data.

Table SI.1 International estimates: intergenerational transmission of wealth

Country	Estimate	Measure	Data
Australia	0.26	Elasticity	Survey Data (HILDA); Siminski and Yu (2022)
France	0.22	Elasticity, gross wealth	Data from survey on household level; Arrondel (2009)
South Korea	0.23	Pearson correlation, net-wealth	Survey data from Korean Labor and Income Panel Study (KLIPS) on household level (5-10y after kids left parental household); Ma (2016).
Denmark	0.24	Elasticity, net-wealth	Administrative data from registers at Statistics Denmark available on individual level; Boserup et al. (2017)
Norway	0.24	Rank-rank correlation; net-wealth	Administrative data from registers at Statistics Norway available on individual level aggregated to household level, Fagereng et al. (2021)
Japan	0.27	Rank-rank correlation; net-wealth	Survey data from Preference Parameter Study (PPS) and Parent and Child Survey (PCS) on household level; Kubota (2017)
Taiwan	0.30	Rank-rank correlation; net-wealth	Administrative data from registers at the Financial Information Agency (Ministry of Finance, Taiwan) on individual wealth, Chu et al. (2019)
Sweden	0.34	Rank-rank correlation; net-wealth	Administrative data from registers at Statistics Sweden available on individual level, Black et al. (2020)
United States	0.39	Rank-rank correlation; net-wealth	Wealth measures from PSID on household level; Pfeffer and Killewald (2018)

Source: Authors' compilation based on published estimates.

Table SI.2 Regression results by parental characteristics

	Estimate	se	R2	N
Reference estimate				
Full pooled sample	0.25	0.024	0.14	1,535
Parental characteristics				
No univ. entrance cert.	0.26	0.027	0.14	1,194
Univ. entrance cert.	0.13	0.056	0.11	341
Above median income	0.25	0.031	0.12	1,082
Below median income	0.15	0.046	0.09	454

Note: own calculations based on SOEP v37; Standard errors in column se; All estimates significant with $p < 0.01$.