Vanguard research

September 2026

Transferring wealth with wisdom

- The impact of an inheritance is large but varies widely among heirs. More than $100 trillion is expected to transfer across generations in the coming decades, and inheritances often meaningfully increase recipients' wealth. Among Vanguard clients, inherited IRAs increase investable assets by a median of 30%—with that impact ranging from 66% for heirs in their thirties to just 16% for those in their seventies.
- Timing matters. Inheritances typically arrive when heirs are about 60 years old, after their peak years of financial need. Earlier transfers from grantors, including lifetime giving, may have a greater impact on the next generation by providing resources when they are needed most.
- Outcomes depend on decisions and preparation. Many heirs carry debt despite having assets they could use to pay it down, and only about half have conversations about their inheritance before receiving it. Those who have conversations before inheriting and those who seek professional guidance after inheriting both report greater satisfaction with their financial decisions and higher financial peace of mind than heirs who do not.

Authors


Ekaterina Goncharova, Ph.D.


Malena de la Fuente, Ph.D.


Andy Reed, Ph.D.


Fiona Greig, Ph.D.

Inheritance is becoming a central feature of household finances. More than $100 trillion is expected to transfer to heirs by 2048, with the majority of that total coming from baby boomers (Cerulli, 2024). Roughly one in five Americans will inherit assets at some point in their lives (Aladangady et al., 2023), with the median inheritance exceeding $180,000 (Osorio, 2021). For many heirs, an inheritance is the biggest financial windfall they will ever receive—and it often coincides with a loved one's death, when households must make a series of complex and consequential decisions.

Yet despite the prevalence and scale of inheritance, we still have an incomplete picture of its impact. Much of what we know comes from surveys (Cerulli, 2024; Osorio, 2021; UBS, 2025). Surveys provide important context—such as who heirs inherit from and what they say they do with the money—but self-reporting can miss key aspects of real financial behavior. Financial records, in contrast, capture actual asset movements and balances but cannot fully account for the social and emotional experience of inheriting.

This paper aims to combine the strengths of both approaches. We link Vanguard data on tens of thousands of investors who inherited IRAs with survey responses from thousands of investors so that we can better understand how inheritances are received and used. We focus on three aspects of the inheritance experience:

1. **Timing:** When do heirs typically receive an inheritance, and how does that timing shape its impact?
2. **Use:** How do heirs use the assets they inherit, and how does that usage vary across demographics?
3. **Preparation:** How do conversations between heirs and grantors affect financial and emotional outcomes?

Across our survey and administrative data, one pattern stands out: Inheritance is meaningful, but its impact depends on when it's received, who gets it, and how it is used. The same inheritance can have a very different effect depending on when it arrives, what the heir's household balance sheet looks like, and whether the household is prepared for the decisions that will need to be made.

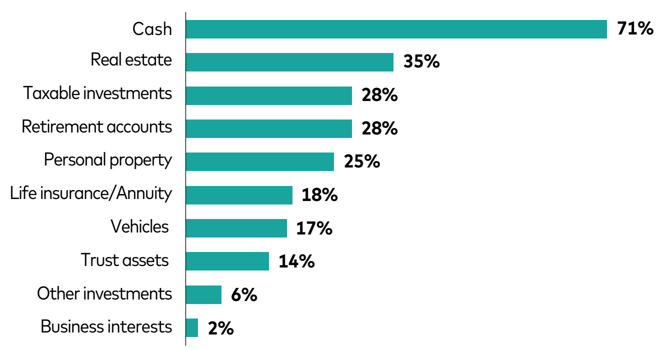
Inheritance takes many forms

Heirs typically receive a mix of assets, with the most common forms being cash, real estate, taxable investments, and retirement accounts (**Figure 1**). The impact of these assets on an heir can vary based on the assets' liquidity and complexity. For example, cash is 100% liquid and fungible and can be used for anything. In contrast, real estate and taxable investments are likely to be less liquid and may leave the heir with ongoing expenses or tax liabilities.

Our survey data show that 57% of beneficiaries inherit two or more types of assets, and 37% inherit three or more. Inheritances are also commonly shared, with 86% of survey respondents reporting that they were not the sole heir.

FIGURE 1
Most inheritances include multiple types of assets

Percentage of respondents



Notes: The survey question asked respondents: "What type of assets did you receive as part of this inheritance? Select all that apply." Possible answers included "cash, including checking, savings accounts, CDs, etc.," "a home or other real estate," "taxable brokerage or investment accounts," "retirement accounts (e.g., 401(k), IRA, pension)," "personal property (e.g., jewelry, art, collectibles)," "life insurance or annuity proceeds," "vehicles (cars, boats, etc.)," "assets held in a trust," "business or ownership interests," "other financial assets or investments," "not sure," and "prefer not to answer." Percentages add up to more than 100% because respondents could select multiple asset types. Results are based on a randomly selected sample of 1,492 personal investor clients who reported receiving an inheritance; the sample excludes individuals identified through inherited IRA or spousal rollover records.

Source: Vanguard.

The composition of assets that heirs inherit also varies. Heirs with higher levels of income and assets are more likely to inherit investment accounts. For example, about 40% of heirs earning $250,000–$499,999 per year inherit brokerage accounts, compared with only 22% of those earning less than $100,000. Cash, in contrast, is common across all groups.

Inherited IRAs meaningfully increase heirs' wealth

Within our data, we can see the direct transfer of retirement assets. Among Vanguard clients, inherited IRAs represent a meaningful increase in investable assets. On average, beneficiaries receive inherited IRAs at age 59, with a mean balance of $128,000. This corresponds to a 30% median increase in the recipient's nonemployer investable assets (**Figure 2**).

FIGURE 2

The financial impact of an inherited IRA

59	$128K	$373K
Mean age at inheritance	Mean inherited IRA amount	Mean balance in other retail accounts

30%
Median increase in investable assets from inheritance

Notes: We analyzed 82,822 Vanguard clients who inherited an IRA in 2024 and calculated the percentage increase in investable assets by comparing inherited IRA balances at receipt with recipients' existing retail investable assets held at Vanguard, including personal IRAs and brokerage accounts.

Source: Vanguard.

Women's role in wealth transfer

When women inherit, the financial impact is larger: Among Vanguard clients, inherited IRAs increase investable assets by a median of about 30% for women compared with a median of about 20% for men, driven by lower baseline asset levels among women rather than differences in inheritance amounts.

Among heirs surveyed, 53% received their inheritance from a woman and 38% from a man.[1] This difference exists because 75% of inheritances in the survey sample were passed from parent to child, and the remaining parent is more likely to be the mother. When inheritances are passed from spouse to spouse, on the other hand, 63% of grantors are men, while 37% are women.[2]

The assets inherited by men and women differ somewhat. Women are 5 percentage points more likely to inherit retirement accounts and 3 percentage points more likely to inherit proceeds from life insurance or annuities, while men are slightly more likely to inherit cash (by 7 percentage points) and real estate (by 3 percentage points).

Women also make slightly different choices with their inheritances. They are more likely than men to buy a home or make a big purchase (by 3 percentage points), give a gift to the next generation (by 3 percentage points), use the inheritance for general expenses (by 5 percentage points), and help others with expenses (by 4 percentage points), while men are more likely to reinvest the funds (by 6 percentage points).

Lastly, all else being equal, women are more likely than men (by 8 percentage points) to report increased peace of mind from their inheritance.

1 The remaining 9% of heirs surveyed inherited from multiple people or preferred not to answer.

2 Inherited IRA rules vary based on the beneficiary's relationship to the original account owner. Spouses generally have greater flexibility, while most nonspouse beneficiaries must fully distribute inherited IRA assets within 10 years of the original owners' death. For additional information on inherited IRA rules and distribution requirements, see Vanguard's overview of inherited IRAs: investor.vanguard.com/investor-resources-education/iras/what-are-inherited-iras.

Inheriting earlier makes a larger impact on an heir's life

Timing matters when it comes to receiving an inheritance, as the same dollar can have different implications at different life stages. According to Vanguard administrative data, inherited IRAs increase investable assets by a median of 66% for beneficiaries in their thirties, compared with 22% for those in their sixties and 16% for those in their seventies (**Figure 3**).

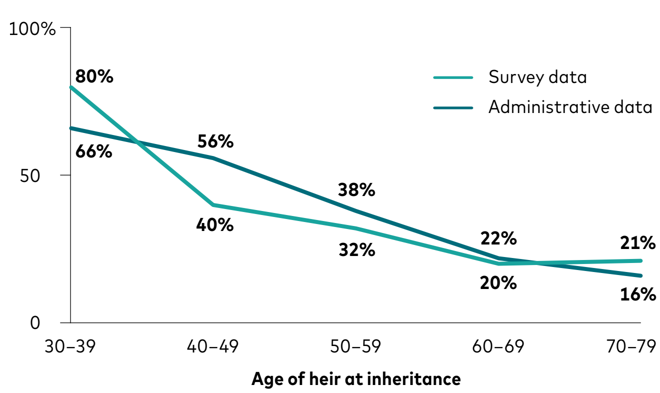
Survey results echo this pattern. Respondents in their thirties report an increase in net worth from inheritance of 80%, compared with 20% for those in their sixties and 21% for those in their seventies. While inheritances increase wealth at any age, the marginal impact declines substantially as beneficiaries get older and accumulate their own wealth. Like the differential impacts for men versus women, the same inheritance represents a smaller incremental increase for older beneficiaries because their baseline wealth tends to be higher.

This means that an inheritance often arrives at a time when it has less potential to change a household's financial trajectory.

FIGURE 3

Inheritance has a larger impact earlier in life

Increase in investable assets



Notes: For the administrative data, we analyzed 67,288 Vanguard clients who inherited an IRA in 2024 and for whom age at inheritance is observed and calculated the median percentage increase in investable assets by comparing inherited IRA balances at receipt with recipients' existing retail investable assets held at Vanguard, including personal IRAs and brokerage accounts. For the survey data, results reflect respondents' own estimates in response to the question, "About how much did this inheritance increase your net worth at the time?" Survey responses were chosen from a range of 0% to 200%. Results from both sources are reported by age at inheritance.

Source: Vanguard.

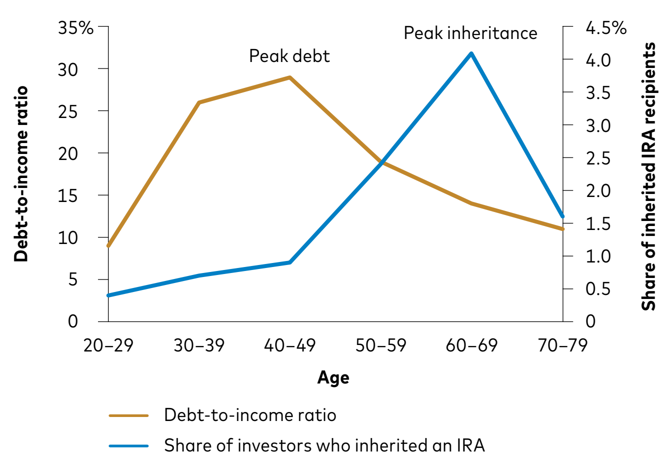
"Peak inheritance" arrives decades after "peak debt"

Only about 3% of inheritances occur during the grantor's lifetime, according to our survey data. As a result of increasingly longer lifespans, inheritances tend to arrive later in heirs' lives, often after they have passed their most financially challenging years. Debt-to-income ratios typically peak during individuals' thirties and forties, while IRAs are most commonly inherited when the heir is in their sixties (**Figure 4**).

By the time these inheritances arrive, many heirs are well into the repayment phase of their largest debts, such as mortgages and student loans (either their own or their children's). Many heirs are also at or near retirement age when they inherit, meaning they have generally accumulated their own substantial retirement assets. In other words, an heir who inherits in their sixties has likely already realized their biggest financial goals, such as buying a home, paying for children's education, and saving for retirement.

FIGURE 4

Inherited IRAs typically arrive after heirs' peak debt-burden years



Notes: To calculate the debt-to-income ratio, we analyzed 250,000 Vanguard 401(k) participants for whom we have income and age data and linked credit bureau data for 2023. We added the total minimum required monthly payments for each person for any mortgages, student loans, auto loans, and revolving credit card debt, and divided the total monthly debt payment by monthly pre-tax income (annual income divided by 12). To calculate the share of inheritances, we analyzed 57,956 Vanguard clients who inherited an IRA in 2023 and for whom age at receipt is observed and reported the distribution of inheritance receipts by age decade. While inheritances here refer to IRAs, which can only be inherited when a grantor passes away, survey responses indicate this is consistent with the way most inheritances are passed on, with more than 90% of heirs receiving assets only after a grantor's death.

Sources: Vanguard calculations, using Vanguard administrative data matched anonymously with Equifax data.

Beneficiaries use inherited assets for a range of purposes

The timing of an inheritance also matters because how inherited assets are used varies with the beneficiary's circumstances. While 68% of heirs in our survey reported reinvesting inherited funds, the remaining 32% used inherited assets for immediate needs, debt repayment, housing, or gifting. These patterns differ by income, age, asset level, and inheritance size.

Heirs with fewer assets are more likely to put an inheritance toward their current financial needs, including general expenses and debt repayment (**Figure 5a**). In contrast, those with more assets are more likely to reinvest or pass wealth to the next generation.

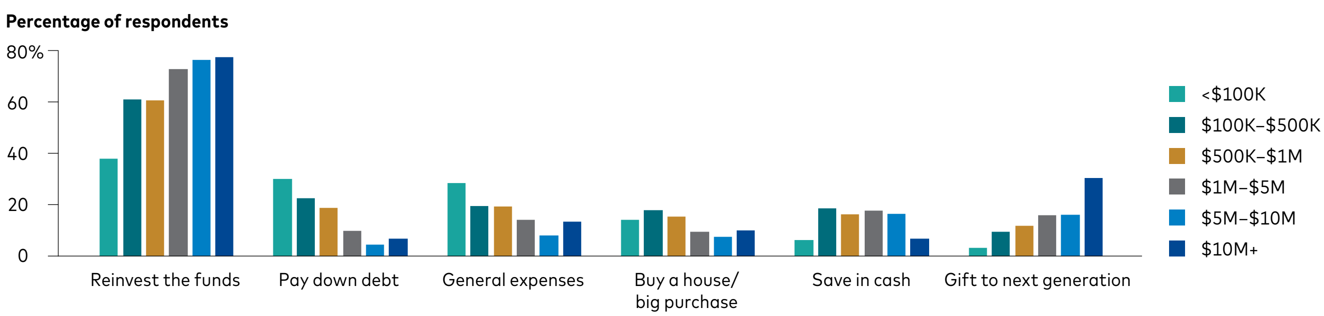
Across the age spectrum, more than two-thirds of heirs say they will reinvest at least some of their inheritance. This underscores how generational wealth transfer can reshape investment horizons, goals, and risk appetite, ultimately influencing portfolio allocation.

That said, younger heirs report somewhat different needs. They are more likely to use an inheritance for housing, major purchases, debt repayment, and cash liquidity needs (**Figure 5b**). Older heirs, on the other hand, are more likely to reinvest or gift assets to the next generation.

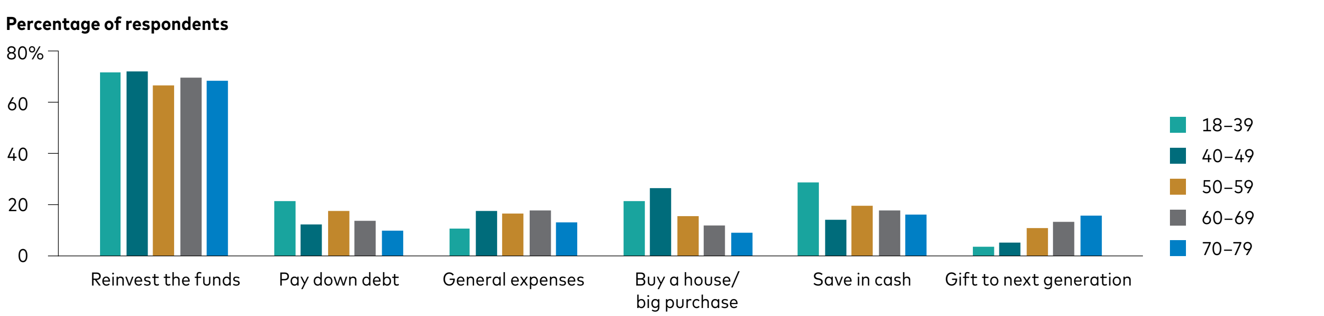
FIGURE 5

Use of inherited assets varies by heir's wealth level and age

a. Inherited asset use by wealth level



b. Inherited asset use by age



Notes: The survey question asked respondents, "What did you use the inherited assets for? Select all that apply." Possible answers included "reinvest the funds (taxable/nontaxable)," "pay down debt," "general expenses," "buy a house/big purchase," "save in cash," "gift to the next generation," "travel," "spend it," "help others with expenses," "other," "I have not used the inherited assets yet," and "prefer not to answer." Percentages add up to more than 100% because respondents could select multiple options. Asset levels are based on responses to the question, "What is the approximate value of all the financial assets you (and your spouse/partner) hold in your financial accounts (excluding real estate assets, but including all savings, investment accounts, and retirement accounts)?" Age reflects respondents' self-reported age.

Source: Vanguard.

These differences reflect varying life stages, financial priorities, and resources. Depending on the heir's circumstances, the same inheritance can serve different purposes.

What people inherit also matters. In our survey data, we find that liquid assets, like cash or brokerage accounts, are more often saved or used for general expenses, while less-liquid assets, such as real estate, personal property, and business ownership, tend to be tied to more specific uses. In other words, how an inheritance is used depends not just on who receives it, but also on the nature of the assets.

Some heirs carry debt despite available assets

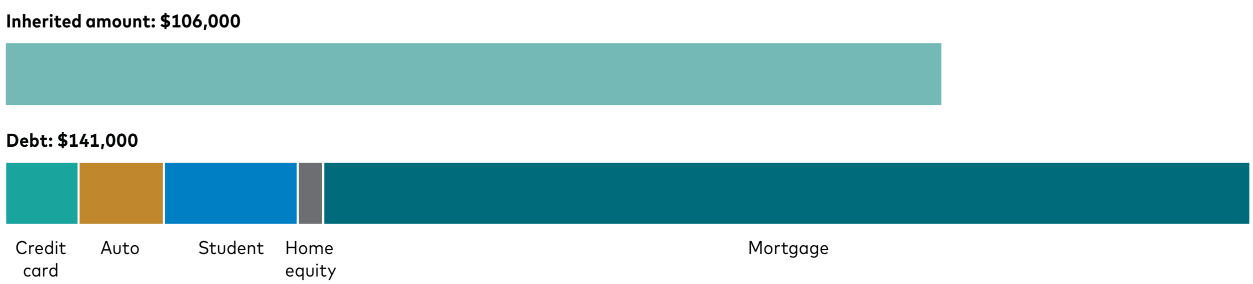
About 54% of Vanguard clients who inherited an IRA in 2024 had outstanding debt. Among these debt holders, the average inherited IRA balance was about $106,000, while the average debt was about $141,000 (**Figure 6**).

Even when inherited assets are not enough to pay down debt completely, they can help heirs make progress on their most expensive debts. Among Vanguard clients who inherited an IRA, 39% had revolving credit card debt in a typical month, and 68% carried it at least once during the year after they inherited. Inherited IRAs can be accessed without early withdrawal penalties and, in most cases, must be fully drawn down within 10 years, yet many heirs continue to carry high-cost debt. Given that revolving credit card debt can incur interest at rates in excess of 20%, inherited IRA assets are unlikely to garner a higher return in the stock market.

These patterns suggest that assets and liabilities are not always considered together. When they are not, households may allocate resources in ways that impede progress toward their long-term financial goals (de la Fuente et al., 2026).

FIGURE 6

Inherited assets often arrive alongside significant debt



Notes: We analyzed 2,123 Vanguard clients who inherited an IRA in 2024 with linked credit bureau tradeline data. We compared inherited IRA balances at receipt with total outstanding debt balances at that time, including credit cards, auto loans, student loans, home equity loans, and mortgages. For credit card debt, the amount was estimated by taking the total credit card balance and subtracting that month's total payments. If the payment made was at least 80% of the month-end balance, the credit card debt for the month was considered to be $0. Otherwise, the credit card debt was considered to be the total month-end balance minus the total payments made. Amounts shown are averages.

Sources: Vanguard calculations, using Vanguard administrative data matched anonymously with Equifax data.

Inheritance can improve peace of mind

Inheritance affects not only heirs' financial outcomes but also how they feel about their financial situation. Our survey data show that 50% of heirs report increased financial peace of mind after inheriting. However, the magnitude of that increase varies substantially (**Figure 7**).

Greater increases in peace of mind are observed among younger heirs, who have fewer assets and carry more debt. Heirs in their thirties and forties report higher increases in peace of mind compared with those in their sixties and seventies, consistent with an inheritance having a larger impact earlier in life. Similarly, heirs with less than $1 million in assets report larger increases in peace of mind compared with those who have more.

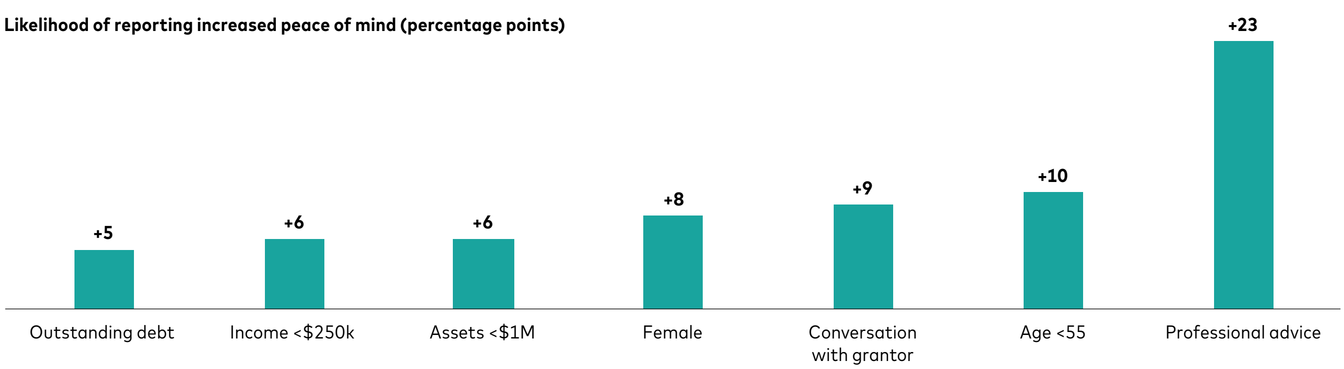
These differences reinforce the potential value of earlier inheritances and lifetime giving. Transferring wealth to the next generation when they are still managing significant financial needs, such as buying a home, paying down debt, and saving for retirement, can provide a more meaningful boost to heirs' peace of mind.

Conversations and advice also matter. Heirs who discuss their inheritance with the grantor beforehand are more likely to report increased peace of mind compared with those who do not.

Most notably, even after controlling for age, income, and wealth, increases in peace of mind are greater for those who seek guidance about inheritance from a professional, like an estate attorney, tax attorney, or financial advisor, compared with those who navigate inheritance on their own. This highlights the value of advice from trusted professionals in helping heirs make the most of an inheritance—both financially and emotionally.

FIGURE 7

Peace of mind gains are largest for younger heirs and those who seek advice



Notes: The survey question asked respondents, "Has receiving your inheritance changed your level of peace of mind regarding your finances? It has given me (a lot more/more/neither more nor less/less/a lot less) peace of mind." A linear regression was used to estimate the effect of the following dummy variables on whether respondents felt "more" or "a lot more" peace of mind: Heir has outstanding debt, heir has annual income below $250,000, heir has less than $1 million in assets, heir is female, heir had a conversation with grantor, heir is younger than 55, and heir sought professional advice about inheritance. Continuous variables (age, assets, and income) were split at the median to create dummy variables.

Source: Vanguard.

Inheritance conversations result in better outcomes

Advance conversations between beneficiaries and grantors are associated with better reported outcomes, including greater peace of mind. Heirs who discuss their inheritance with the grantor beforehand are 5 percentage points more likely to report being "very satisfied" with their financial decisions.

Despite this benefit, only 54% of heirs in our survey reported having a conversation about inheritance. Moreover, most such conversations (73%) were initiated by the grantor rather than the heir. Among the 46% of heirs who did not have a conversation about their inheritance, the most common reason given (40%) was that finances were not a typical topic of discussion.

One in five heirs attributed this lack of communication to discomfort on the grantor's part, but the vast majority of heirs (90%) did not report personal discomfort. In other words, heirs perceive more discomfort in others than themselves. This perception gap may create a cycle of silence in which grantors and heirs each hold back from having a conversation both would benefit from.

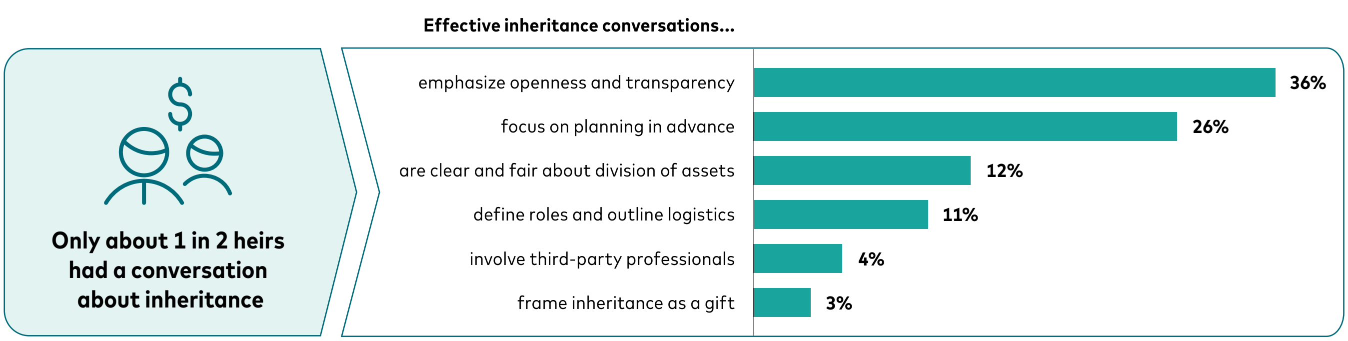
Open, planned conversations make inheritance easier to navigate

When heirs and grantors do have conversations about inheritance, the topics tend to cluster around several key themes (**Figure 8**). Approximately 36% of heirs, for example, emphasized open, honest, and transparent communication. As one heir said, "We were always very open about money. My parents made sure we all knew what assets existed and what their wishes were."

Another 26% of heirs highlighted the importance of advance planning. Respondents also emphasized clarity about asset division (12%), defined roles and logistical information (11%), involvement of trusted professionals (4%), and framing the inheritance as a gift (3%).

FIGURE 8

The most effective inheritance conversations are open and transparent



Notes: The survey question asked respondents: "What worked well in how your family approached conversations about inheritance?" The responses were then coded for major themes using Microsoft Copilot, which was provided with a set of possible themes and asked to code each response into one or more of the given themes and provide explicit reasoning for each coding decision.

Source: Vanguard.

Implications for grantors, heirs, and advisors

For grantors

- **Don't wait too long to give—timing matters:** The same inheritance can have a very different impact depending on when in an heir's life it is received. Heirs in midlife, who are building wealth or managing debt, are likely to benefit more financially and emotionally than older heirs, who are already near peak wealth. If you plan to leave an inheritance, consider giving some of it during your lifetime, being mindful of when it can have the greatest impact.[3]
- **Communicate clearly and early:** Only about half of heirs report having conversations about inheritance beforehand, yet those who do report having better emotional outcomes. Even discussing the basics—which assets they will inherit, how the inheritance is structured, and what your intentions are—can make things easier for heirs. Bringing the younger generations into the conversation can also prepare them and set them up for long-term success.

For heirs

- **Be intentional about using your inheritance.** Inherited assets can be used in many ways. Paying down debt, investing, helping a child buy a home, and covering major expenses can all make sense—but some choices offer better long-term outcomes. For example, paying down high-interest debt, such as credit card debt, is an option that offers high financial and emotional return on investment (de la Fuente et al., 2026). It's important to weigh choices carefully and make intentional decisions.
- **Seek help when things get too complex.** When an inheritance includes multiple accounts, tax rules, or shared decisions, it can quickly become complicated. The tax treatment of inherited assets differs across account types. For example, withdrawals from traditional IRAs are taxed as income, while Roth assets and inherited taxable investments may be more tax-efficient. In situations like this, consulting an advisor can provide clarity and peace of mind.

For advisors

- **Close the communication gap.** Many families avoid discussing inheritance because of perceived emotional barriers. You can help build empathy and confidence between grantors and heirs by bringing them together for open and honest conversations.
- **Recognize that inheritance is a moment that matters.** It requires several decisions at once—how to divide assets, how to invest, whether to pay down debt, and what to prioritize. Professional guidance in such a complex and emotional moment can have a large impact and boost heirs' financial peace of mind.
- **Help heirs see the full picture.** Inheritance is a perfect opportunity to deliver value by helping clients think holistically about spending, saving, debt, and long-term goals. Guiding heirs in making better choices across their household balance sheets can build lifetime wealth and peace of mind (Costa, Martino, and de la Fuente, 2025).

3 For very large estates, additional tax considerations such as the generation-skipping transfer (GST) tax may apply. These rules affect a small subset of high-net-worth households, and professional estate planning guidance is typically recommended.

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Appendix

Survey demographics

Number of respondents: **3,595**

Gender	Male	59.3%
	Female	40.7%
Age	20–29	1.8%
	30–39	3.7%
	40–49	17.1%
	50–59	47.3%
	60–69	25.9%
	70–79	4.3%
Household income	Less than $100,000	27.7%
	$100,000–$249,999	52.9%
	$250,000–$499,999	15.3%
	$500,000–$999,999	2.8%
	$1 million or more	1.3%
Financial assets	Less than $100,000	2.1%
	$100,000–$499,999	9.9%
	$500,000–$999,000	14.2%
	$1,000,000–$4,999,999	60.7%
	$5,000,000–$9,999,999	11.2%
	$10 million or more	2.0%
Debt	No current debt	56.9%
	Mortgage	24.0%
	Credit card	13.2%
	Auto loan/lease	12.7%
	Home equity loan	3.7%
	Personal loan	1.5%
	Student loan (for self)	1.5%
	Medical debt	1.1%
	Business or investment debt	0.8%
	Other	0.8%
	Student loan (for child or dependent)	0.6%
Marital status	Married	64.7%
	Widowed	14.7%
	Divorced or separated	9.1%
	Never married	7.5%
	Living with a partner	4.0%
Children	Yes	73.8%
	No	26.2%

Notes: Other response options provided in the survey were: for gender, "nonbinary/third gender" and "prefer not to answer"; and for household income, financial assets, debt, marital status, and children, "prefer not to answer." Some of the totals do not add up to 100% because of rounding.

Source: Vanguard.

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All investments are subject to risk, including the possible loss of the money you invest.

When taking withdrawals from an IRA before age 59½, you may have to pay ordinary income tax plus a 10% federal penalty tax. Withdrawals from a Roth IRA are tax free if you are over age 59½ and have held the account for at least five years; withdrawals taken prior to age 59½ or five years may be subject to ordinary income tax or a 10% federal penalty tax, or both. (A separate five-year period applies for each conversion and begins on the first day of the year in which the conversion contribution is made).

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