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The Great Wealth Transfer From Baby Boomers To Millennials Will Impact The Job Market And Economy

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Baby Boomers were in the right place at the right time. Following World War II, this generation experienced immense economic growth and prosperity. The state of affairs afforded them the golden opportunity to accumulate much wealth in their lifetime. Boomers—born between 1946 and 1964—are currently the wealthiest generation on the planet. Their mean net worth falls between **\$970,000 to \$1.2 million**, according to *Fortune*.

In the late 1950s through the 1980s, many families lived relatively well without attending a university and working in the trades. You didn't need to enter six-figure debt to earn a college degree. Home prices were affordable. This cohort greatly benefited from an unprecedented 40-year rally in stock and housing prices.

The Silent Generation—the parents of the Boomer—and Boomers will pass down **\$84.4 trillion in assets through 2045**, with \$72.6 trillion going directly to heirs, according to an analysis by financial market intelligence firm Cerulli and Associates. The transfer of wealth will create a wave of changes for Millennials in their ability to purchase homes, pay off student debt, travel, buy high-end products and invest in the stock market.

Millennials Will Benefit From Their Boomer Parents

Baby Boomers are in the retirement phase of their lives. Many are planning for life after work and thinking about how they'll distribute their wealth to their children and grandchildren. Considering this cohort currently holds **half of the nation's household wealth**, preserving and transferring this tidal wave of assets will be a mammoth task.

The Baby Boomer generation is expected to leave a significant amount of money to their Millennial children. It's estimated that more than **\$68 trillion** will be bequeathed to their offspring. The **great wealth transfer** is expected to make Millennials the richest generation in American history.

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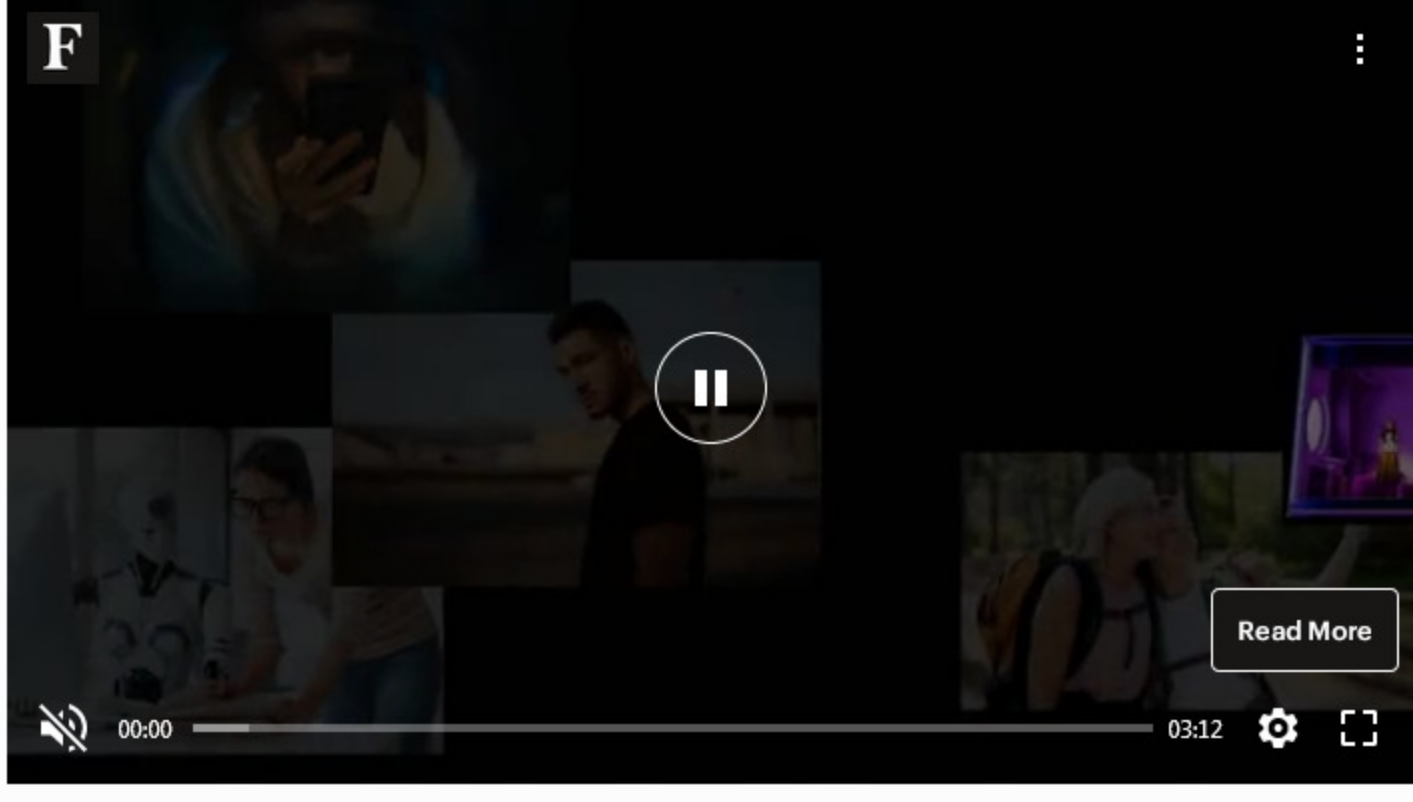
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This will be a substantial change in fortune for Millennials who have had to deal with recessions, exorbitant college tuition, nearly unaffordable home prices and trying to maintain a lifestyle that can't compare to their parents.

There's A Catch

Although this is good news for Millennials as a whole, there may be a disconnect between how much they expect to inherit and how much aging Baby Boomers plan on actually leaving them.

More than half of Millennials **expect to receive** an inheritance from their parents or other family members of about \$350,000, according to a recent survey by Alliant Credit Union. However, 55% of Baby Boomers plan to leave behind an inheritance of less than \$250,000.



Job security and career advancement have been on an upward trajectory for Boomers. This doesn't mean that the trend will last forever. There could likely be a correction or recession in the future, as it's a usual part of the market cycle. With anxiety over outliving their wealth, Boomers may elect to participate in the workforce longer and hold onto their money rather than give it to their children while they're still alive.

Baby Boomers may face financial challenges in their later years due to increased healthcare costs and longer life expectancies, which could impact the amount available for inheritance.

For Millennials, inheritance tax will eat a huge chunk of their payout. Coming into a lot of money is hard, complicated and risky, and not all Baby Boomers have accumulated substantial wealth.

How Things Will Change

The transfer of wealth to Millennials could lead to a shift in the job market, as some may choose to pursue entrepreneurship or take time off work to travel or pursue other interests. The influx of wealth could lead to increased demand for certain industries, such as luxury goods and services.

The wealth handover will have a significant impact on the economy. Millennials are **expected to hold five times as much wealth** as they do today by the 2030s. This could lead to increased consumer spending, investment and economic growth. The stock market may rise as **money is put into investments**.

Being locked out of the housing market due to high-interest rates and housing prices could soon change. With the new largess, Millennials could **purchase new homes** and **even secondary vacation homes**. Along with the housing purchases, they will need to furnish and maintain their properties, stimulating the economy. If more homes are sought after, it may raise housing prices.

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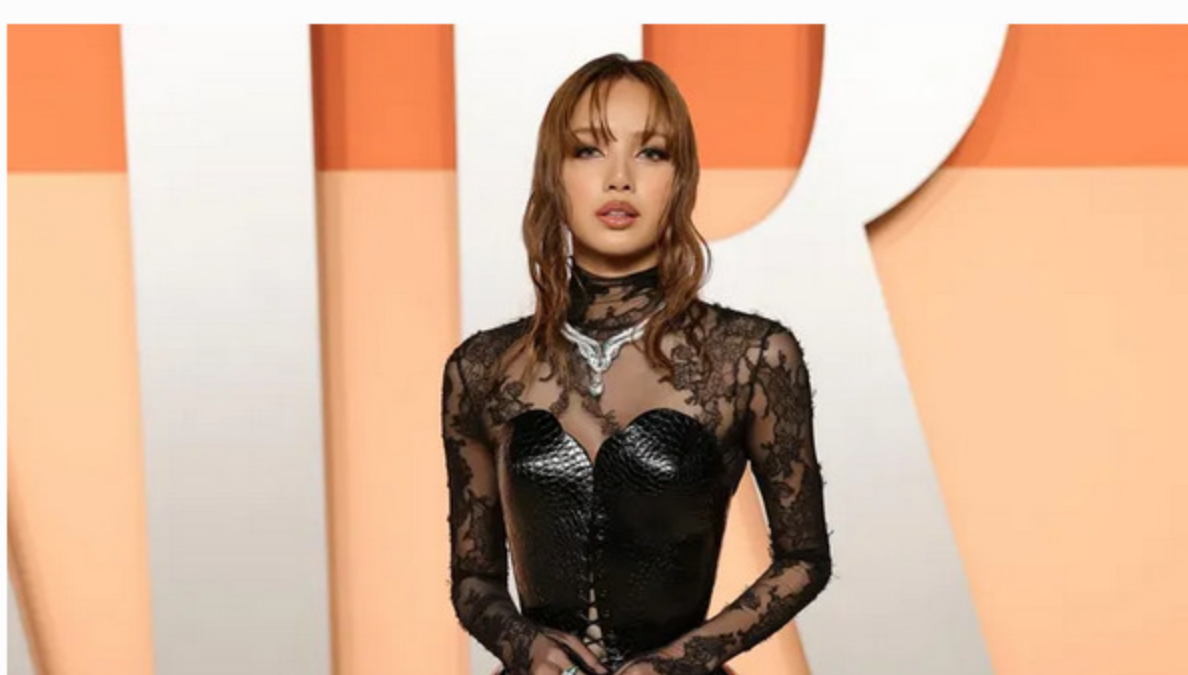
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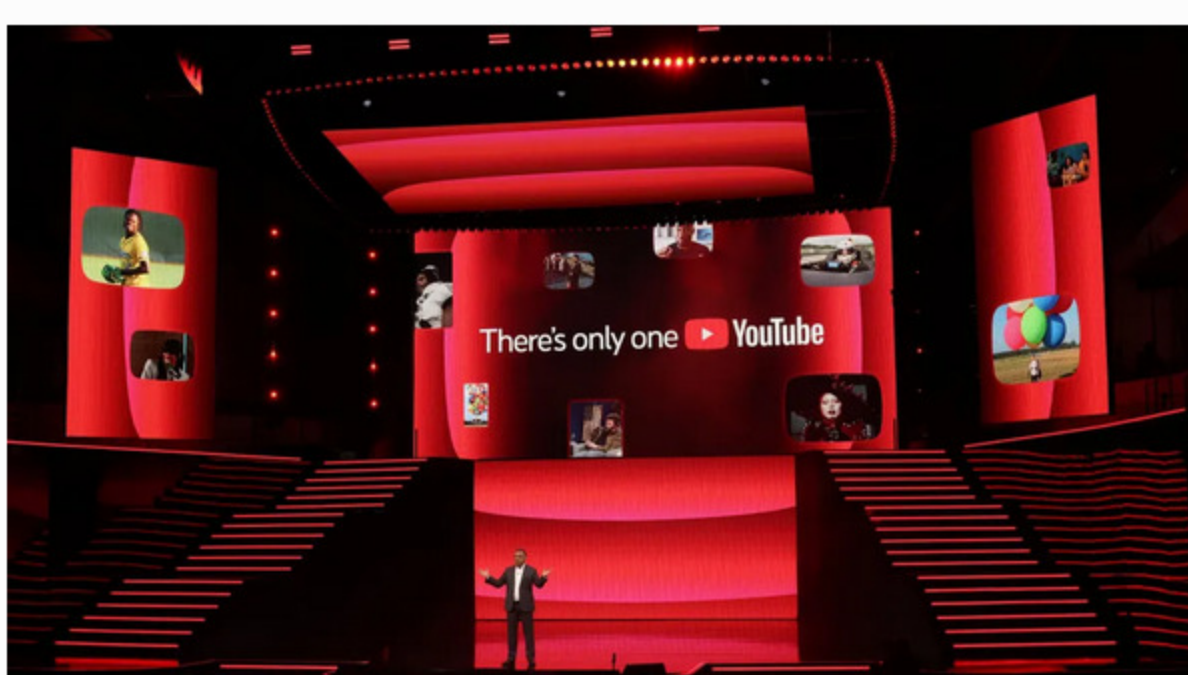
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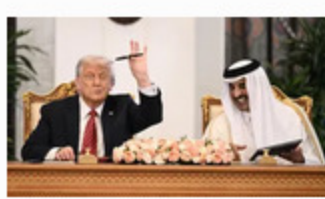
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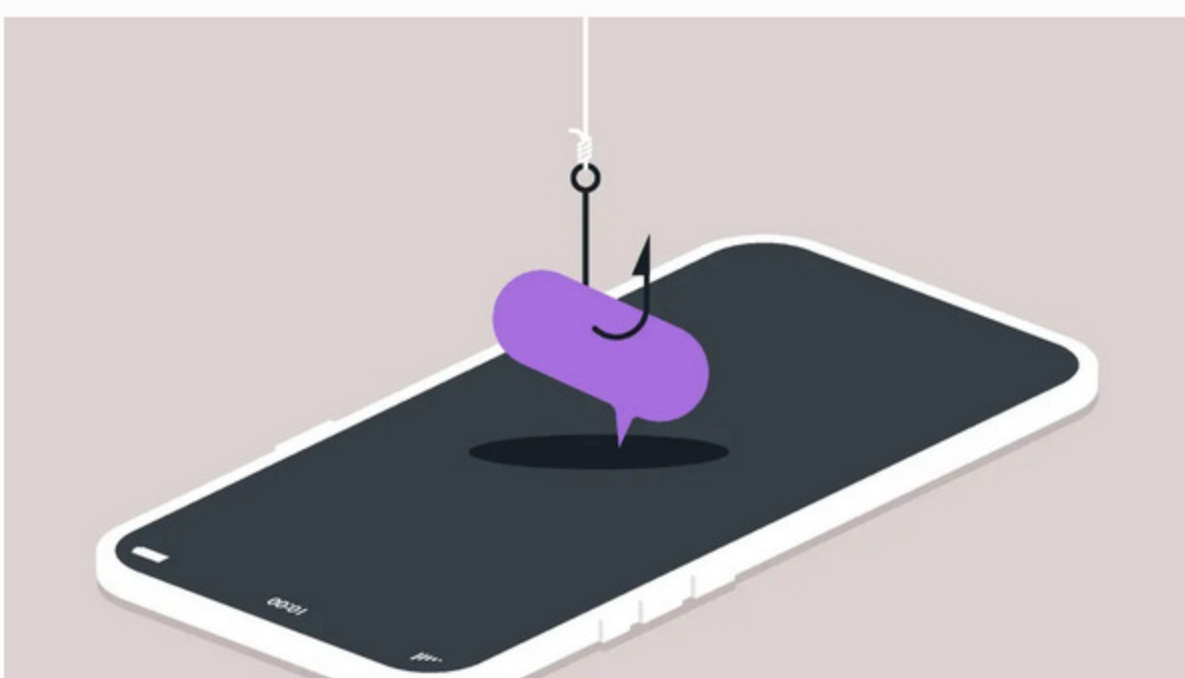
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