An intergenerational audit for the UK: 2024

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Executive Summary

Along the journey from cradle to grave, all sorts of things – including meaning, nurturing and understanding – flow between the generations. This report audits the more quantifiable of those flows: time, money and other material resources. The economic significance of these flows has been changing in various ways. While this has positive aspects, families differ vastly in their ability to offer intergenerational support. Accessing and giving such support affects people's life chances. So in this report we discuss how this support is distributed between and within cohorts. We do this in the typical order of events through adult life: finding somewhere to live, having children, confronting the infirmity of parents, and – perhaps – inheriting from them.

Home turf: living with parents for longer

Parents support their children by providing somewhere to live. But that support has been extended in recent years: the proportion of younger adults (under-35s) living with parents has risen from one-in-four (26 per cent) at the turn of the century to nearly two-in-five (39 per cent) in 2021-2022, equivalent to an extra 2 million people. This is a large rise that isn't easily explained away. We still find a powerful trend towards young people living with their parents for longer, even when we make allowances for young people starting their own families later and rising diversity (multi-generational households are more common in many ethnic minority groups) and discounting the growing number of students. The trend, then, isn't about who our young people are, but rather the society – and particularly the economy – they are living in.

Living with parents can reflect positive choices – such as taking the chance to build up skills or acquiring rewarding, but risky, professional experience while saving on rent. But it can also be a more negative decision to forgo unaffordable independence. And indeed, among the 'live at homers' there is a concentration of young adults who may well lack attractive alternatives to falling back on family: 15 per cent are unemployed (against 5 per cent for other under-35s), and 33 per cent are working but low-paid (against 16 per cent for others). Some may jump to conclude that living with parents for longer is a trap – life may be tolerable in the family fold, but it could become hard to escape when that family home is in a stagnant town where real career opportunities are thin on the ground.

Our analysis largely dispels some of these concerns, and even suggests that the option of staying at home could be a useful springboard in many respects. Those initial high rates of unemployment and low pay simply reflect who is living at home – disproportionately less-educated young adults, for example, and those who grew up working class. And while the fact of living with parents makes moving address less likely (with a 5-percentage-point drop in the chance of moving within a year) there is no reduction in the chance of changing job or moving for work-related reasons. Most importantly, while the 'live-at-homers' start out as a relatively disadvantaged group, there are signs that they tend to catch up over time. Indeed, after five years, young adults who began by living at home are just as likely to be employed as their contemporaries, and no more likely to be low paid.

Young homebuyers: more gifted than talented?

While putting up adult children for longer is increasingly common, in the wealthier groups, financial gifts – which can support children in buying homes of their own – are increasingly important. Over the course of the 2010s, the number of people receiving gifts over £500 over a two-year period increased by 34 per cent, from 2.3 million in 2008-10 to 3 million in 2018-20. In parallel, the numbers receiving large gifts of £10,000 or more has more than doubled to reach nearly 650,000. Taking the rising number of gifts and their growing size together, their total inflation-adjusted value has risen from £13.1 billion in the two years prior 2008-10 to £29 billion in the two years prior to 2018-20.

Overwhelmingly, these gifts come from parents (73 per cent), and – inevitably – it's wealthy parents that give more. In 2018-20, 23 per cent of over-50s in the top wealth quintile reported giving a financial gift, compared to only 3 per cent in the bottom wealth quintile. This difference remains, though less pronounced, after controlling for personal characteristics, including income.

There is strong evidence that family gifts are often used to buy property: in 2022-23, roughly 1-in-3 (36 per cent) of recent first-time buyers (those who had owned property for less than three years) used gifts from family or friends to help purchase their home. This helps explain why the wealth gap on homeownership among young adults has been widening: many do still buy without family support, but they tend to do so later, and with larger mortgages – a recipe for living with more debt for longer. In this way, family wealth not only facilitates homeownership but also deepens enduring inequalities in living standards.

Generation next: raising children

Mothers are working more – especially those with young children. In 1992, only four-in-ten (41 per cent) mums with an under five-year-old worked; by 2022 it was seven-in-ten (68 per cent). Consequently, families are much more reliant on maternal earnings: the contribution of women aged 25-40 in couples with children to total household income rose from 20 to 35 per cent over the same period.

Social attitudes have shifted, but childcare practice still lags this reality. For example, the proportion of parents that believe childcare responsibilities are 'mostly shared' (rather than being left, overwhelmingly, to mothers) has climbed from around a third (30 per cent) to something more like half (51 per cent). Yet women living with a dependent child are spending half an hour more a day on childcare than men, some 57 per cent extra. Yes, dads are doing more childcare and (slightly) less paid work than before, but motherhood still routinely disrupts careers in a way that has no analogue for fatherhood. The proportion of mothers of under-fives whose employment status is shaped by having children (whether that's through inactivity or part-time working due to family commitments or simply being on parental leave) is around 30 per cent. For fathers, the comparable proportion is just 3 per cent. While this figure has been drifting down for women and inching up for men, on current trends it would take 200 years to reach gender parity.

Formal childcare has burgeoned to meet the gap created by more mothers moving into the workplace. Initially, this hit families hard in the pocket: for those with young kids, spending rose from 9 per cent of disposable income in 2001 to 16 per cent in 2016, before falling back to 11 per cent in 2019 as the state stepped in with more free hours for working parents. But costs remain high, both relative to where they started and as a proportion of family budgets.

In this context, grandparents often play a crucial role: more than a quarter (28 per cent) of grandmothers are supporting their children as parents. In total, grandparents provided an estimated 766 million hours of childcare to their grandchildren in 2022-23. If this support had replaced nursery care, its value would amount to approximately £3.5 billion. Almost half of mothers of pre-school children who are in paid work suggest childcare from relatives helps them to go out to work.

But despite the benefits and the growing need for grandparental care, neither the proportion of young children getting it, nor the average hours received by those who do get it has increased since 2005. There may be all sorts of powerful reasons why not: later average retirement, ill health and, closely related, the rising median age of becoming a grandparent, which increased by four years over the decade from 2011. Whatever the cause, though, it seems clear that public policy cannot rely on extended families for meeting growing childcare needs.

Who cares? Supporting adults

One important flow of support is mostly up, rather than down, the generations: namely, adult care. The UK is an ageing society, where formal care is costly and its public funding badly stretched. The share of over-65s in the population has increased from one-in-seven (14 per cent) to one-in-five (19 per cent) between 1975 and 2022. Need has grown in tandem, but in recent times resources have not: age-adjusted spending-per-person on adult social care by local authorities was 7 per cent below its 2009-10 level in 2022-23, with spending specifically on pensioners cut even more sharply. Meanwhile, over the past nine years, the cost of residential homes has soared, and is up by about 30 per cent in real terms.

Many needing care are left with little option but to rely on informal arrangements, which very often means relatives. In 1991, just 6 per cent of adults were providing at least five hours care a week for sick, disabled or elderly people; by 2021-22 that was up by half, at 9 per cent. We find that it is care responsibilities for relatively disadvantaged groups, such as poorer households – and especially single parent households – that have risen especially fast. While middle-aged adults still provide most care for adults overall, the sharpest recent rise has been among the younger generation. Millennials in early adulthood are around 30 per cent more likely to provide at least five hours of such care a week than previous generations did at similar ages.

As well as more carers overall, more of them are putting in serious time: the share dedicating more than 20 hours a week has almost doubled from 15 per cent to 28 per cent between 1991 and 2021-22. Intergenerational care creates significant social value for recipients and the broader community, while many carers appreciate the opportunity to support relatives and contribute meaningfully. However, the intensification of care often restricts those providing extensive support from engaging in the labour market.

But carers entirely missed out on the employment boom of the 2010s which benefited everyone else, widening the existing employment gap. New carers are 37 per cent more likely than others to leave employment in a given period. Similarly, individuals that have experienced an intensification of existing caring responsibilities are 70 per cent more likely to leave employment than carers who have not. The toll caring takes on employment is sufficient to shift the dial across the broader population, including non-carers: for example, the intensification of care duties over the past three decades could be lowering the employment rate across all women in the 26-50 age band by more than 1 percentage point.

If the Government is serious about its avowed ambition of an 80 per cent employment rate, it can't ignore these large effects. The coming employment strategy will have to reckon with a raft of policies relevant to care, including: direct public provision of social care, respite care, and broader benefit-design issues.

Passing it on: the growing social weight of inheritance

Our final intergenerational flow – inheritance – has become increasingly significant, although of course only within families with resources. The volume and value of bequests are both up: across the 2010s, the number of adults receiving an inheritance over a two-year period rose from 1.7 million in 2008-10 to 2.1 million in 2018-20. By the end of the decade, nearly a third (32 per cent) of recipients were receiving £50,000 or more, compared to a quarter (25 per cent) at the start. Looking ahead, more over-50s expect to leave substantial sums: those anticipating leaving an inheritance of £150,000 or more increased from 56 per cent between May 2012 and June 2013 to 64 per cent between October 2021 and March 2023. This suggests that the bigger bequests of recent decades look like they are becoming an enduring feature of our society.

The inheritance landscape is still dominated by what parents leave to children: in 2018-20, nearly half (49 per cent) of all inheritances came from parents, and over 70 per cent of those above £100,000. Property has a huge bearing, with 92 per cent of outright homeowners planning to pass on wealth, compared to just 45 per cent of renters, reinforcing the familiar fault-lines of advantage.

Perhaps less appreciated is the age of recipients – now most commonly in their 50s and 60s – which has important effects on how the wealth is used. Among the non-retired over-50s, those that received an inheritance of £50,000 or more were 4 percentage points more likely to retire early than those that did not receive an inheritance. This suggests that the higher numbers of large inheritances may act as a headwind against the government's ambition of an 80 per cent employment rate, compounding with the headwind created by rising care responsibilities. Seeing as inheritors tend to be higher earners at advanced career stages, more early retirement could impose an especially heavy hit on tax revenues and overall output.

One thing pushing against the trend for bigger bequests, though, is the rising cost of care. This is because big bills can eat into the wealth of older people: in England, it is estimated that one in seven adults will incur care costs of over £100,000 in their lifetime. Two-thirds (65 per cent) of over 50s anticipate using their savings to fund care in later life, with half (50 per cent) expecting to sell assets, such as their home. This reliance on personal assets to pay for care in later life suggests that wealth intended for inheritance could be significantly depleted.

The general picture is that intergenerational support often plays a crucial role throughout adult life and appears to be growing in importance. But the same, younger, cohort that has already faced increased caregiving responsibilities could also find they will inherit less than they had hoped for.

Intergenerational flows: shaping living standards

This report shows that intergenerational flows of resources and support across generations carry significant economic weight, not only benefiting individuals but also impacting broader social outcomes, including labour-market participation. Certain types of support, like living at home, can offer a financial safety net that enables young people to take career risks, while changing family dynamics and social norms have increased maternal employment, with relatives often providing the informal care needed for mothers to work.

New challenges are, however, materialising from increased demands for adult care and the role of inheritances in enabling early retirement. To achieve the Government's 80 per cent employment target, public funding must play a critical role. In the past decade, expanded childcare provisions have boosted parental employment, particularly among mothers, while gaps in adult social care have limited employment opportunities for caregivers. Meeting these evolving needs will require a balanced approach to social funding that prioritises both childcare and adult care, alongside policies that support sustainable employment across generations.

Introduction

Throughout our lifetimes all sorts of things – including meaning, purpose, nurturing and understanding – flow between the generations. These matter, but often in uncountable ways. But there are also important, and much more readily quantifiable, flows – of time, money and other material resources – between generations.

This report, produced by the Resolution Foundation as part of the ESRC-funded Connecting Generations research programme, examines the economic significance of these intergenerational flows. Unlike previous audits, this year's Intergenerational Audit focuses on exploring the support older generations provide to younger ones – including assistance with housing, childcare, and financial support such as inheritances. It also highlights the unpaid care that younger and middle-aged adults often provide, particularly to ageing parents.

All these flows will vary hugely between different families, but the scale and pattern of these flows across society as a whole could also vary over time, and – in theory – for all manner of reasons. Indeed, there is scarcely any big social trend which will leave inter-generational dealings entirely undisturbed.

Historically, the inception of the welfare state may have substituted for some hands-on caring that extended families had previously been tasked with; to the extent that more recent times have instead been marked by welfare retrenchment, it is natural to wonder whether that substitution has run into reverse. Demographic shifts mean that people are living longer, though not always healthier, lives compared to a few decades ago.[1] This inevitably increases the overall demand for care, much of which often falls to families when no other support is available. At the same time, changes in fertility patterns – specifically, people having fewer children and starting families later – could exacerbate these pressures. Parents who have children later in life may find themselves particularly vulnerable to a 'double squeeze', where they are simultaneously supporting young children and ageing parents.

Many other social trends stir similar questions about inter-generational life. Migration has brought many families from other parts of the world where the relative emphasis on the extended and traditional nuclear family are different, but on the other hand migration often disrupts generational ties for those with families abroad. Traditional assumptions

1 Data indicate that healthy life expectancies has decreased slightly over the past decade. For more information see: ONS, Health state life expectancies in England, Northern Ireland and Wales: between 2011 to 2013 and 2020 to 2022, March 2024.

about the unpaid role of women in keeping families running have been challenged in principle (if less often in practice). Economically, housing has become costlier and, for those who struggle to afford it, sometimes more cramped.[2] Meanwhile, as we show later in this audit, the increasing reliance of many households on maternal earnings has imposed some practical limits on mothers' ability to provide unpaid work.

At least some of these trends – the last being an especially important example – could increase the need for inter-generational support. If dual-earning couples are struggling with childcare, or it is difficult for younger adults to find somewhere to live, then extended families offer one potential solution. But whether cross-generational support is forthcoming is, of course, a very different and an empirical question – one which we make it our business to answer. In an era in which there are often said to be many material and time pressures on families, we will uncover many signs that inter-generational supports are indeed doing more work.

But families differ a lot in their inclination – and particularly in their ability – to offer cross-generational support. So, to the extent that it is becoming more important, and perhaps more of an obligation, many questions arise about who can access it and who can't, as well as who provides it, and what all this does to different people's ability to work, to live comfortably and to get ahead in a career. Policy makers will need to consider all these potential consequences, and indeed to keep in mind that while some adults – young and old – may feel comfortable or even take delight in cross-cohort inter-dependence, others may resent the loss of independence that is its inescapable corollary.

To better understand and establish how these flows have changed over time, this Intergenerational Audit examines four key flows of intergenerational support in turn:

- Section 2 considers the housing support offered by parents to younger adults;
- Section 3 will turn to the role played by mothers, fathers and other relatives, very often grandparents, in providing childcare;
- Section 4 considers the flow of care for adults, which will typically be in the opposite generational direction; and,
- Section 5 considers the cascade of material resources down the generations after death.

This ordering is in line with the adult course of life for many: living with parents, child-rearing, supporting elderly relatives, and finally losing those relatives and, perhaps, inheriting from them. There will be many exceptions, of course, including where people

2 Previous research has shown that Housing is more expensive in the UK than in any other OECD country, compared to each country's overall price levels. For more information see: A Corlett & L Judge, Housing Outlook Q1 2024, Resolution Foundation, March 2024.

lose parents early, or stay in the family home for long enough to raise their own children there. But the sort of chronology suggested is common enough that this report can be thought of as a rough guide to the way resources flow between a families' generations as those generations age.

Section 2

Home turf: living with parents and homeownership

As young people come of age, one of the earliest forms of adult intergenerational support they often receive is parental assistance with housing. In this section, we explore two key ways in which parents provide this support: allowing their children to continue living at home, and providing financial support to help with homeownership.

Young adults living with their parents has been a growing 21st-century phenomenon, with the proportion of 18-34-year-olds living with their parents rising from one-in-four in 2000 to nearly two-in-five by 2021-2022. Some of these young adults might prefer more independence. But they typically benefit from lower housing costs and perhaps broader familial support – and, encouragingly, we find little evidence that staying in the family home becomes a 'trap' when it comes to finding good-quality work. Although there are signs that the young adults who live at home are most likely to 'need' that support – being initially more likely to be out of work or in low-paying jobs – they tend to catch up with their peers over time. After five years, their employment levels and rates of low pay are similar to those of young people who moved out earlier.

As housing has become less affordable, more people have turned to family for help getting on the property ladder. In 2022-23, more than a third (36 per cent) of recent first-time buyers relied on gifts from family or friends, up from 20 per cent in 2003-04. But this support is obviously not accessible to everyone; young people with wealthier parents are more likely to receive financial assistance. Those with less affluent parents are less likely to receive such help, which often means buying their first home later, if at all, and with larger mortgages. While parental housing support may not drastically alter labour market outcomes, it has a clear influence on homeownership trajectories.

Many parents play a crucial role in supporting their children's housing needs during young adulthood. In this chapter, we consider two primary ways they can do so: by allowing their children to continue living at home into adulthood and by providing financial gifts to help them secure their own homes and get onto the property ladder.

More young adults are staying at home for longer

'Moving out' was once considered a rite of passage for moving into adulthood. But staying on in the family home after growing up has become increasingly widespread: the proportion of 18-34-year-olds living with their parents has grown significantly over the past two decades (see Figure 1).[3] After a slight fall during the 1990s, this share rose gradually from one-in-four (26 per cent) at the turn of the century to reach nearly two-in-five (39 per cent) in 2021-20224 – equivalent to an extra 2 million people.[5]

This recent rise has been relatively steady, increasing by 7 percentage points in the 2000s and by another 7 percentage points over the following decade. That is the big and enduring picture. More recently, the Covid-19 pandemic intensified it, particularly at the young end – with the share of 19-24-year-olds living with parents rising from 61 per cent in Q1 2020 to 71 per cent in Q1 2021. But on a slightly longer view, and considering the broader 18-34 age group, the impact of the pandemic was modest, with a rise from 38 per cent living with parents in 2018-2019 to 40 per cent in 2020-2021.6 (This increase does not account for temporary returns home, such as during lockdowns, if individuals maintained a separate residence elsewhere.) The very modest decline visible in the latest year of data might plausibly be understood as this small pandemic effect unwinding.

3 This rise is reflected in other data sources, including the Labour Force Survey and the Census. See, for example: Office for National Statistics, More adults living with their parents, May 2023; K Hill et al., Home Truths: Young adults living with their parents in low to middle income families, Centre for Research in Social Policy, Loughborough University, September 2020.

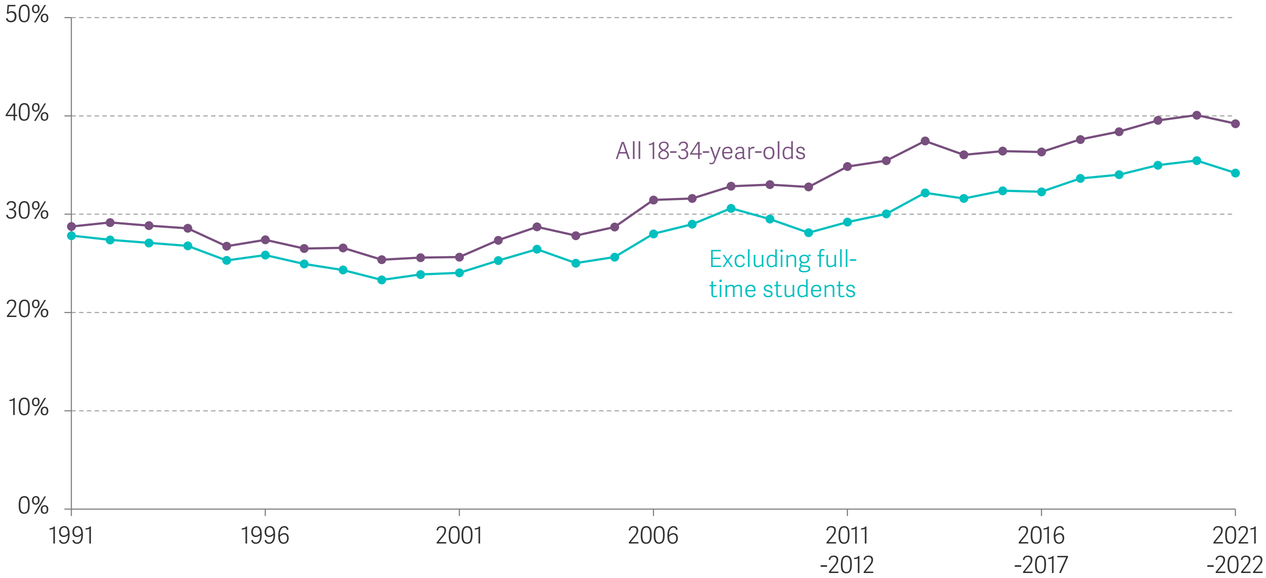
4 Throughout this section, we use data from the British Household Panel Survey and subsequent UK Household Longitudinal Survey (Understanding Society), reweighted to account for higher sample attrition among young people leaving the parental home using the approach and code provided in: Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024. We also use robust standard errors where relevant.

5 Grossed up using the 18-34-year-old UK population figures in: Office for National Statistics, Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland, October 2024.

6 J Cribb et al., Living standards, poverty and inequality in the UK: 2021, Institute for Fiscal Studies, July 2021.

FIGURE 1: **Living with parents has been a growing phenomenon over the last generation**

Proportion of 18-34-year-olds who are living with their parents: GB



NOTES: Data points up to and including 2008 cover one calendar year and come from the British Household Panel Survey (BHPS). From 2009-2010 onwards, they cover two calendar years and come from Understanding Society, which succeeded the BHPS. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024. Students who are living away at university during term time are considered to not be living with their parents.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

There has been a marked rise in full-time students over the decades shown on the chart, which could confuse the picture because students often live 'at home' in the holidays, but not in term time. But the upward trend persists remains even when we exclude full-time students. During this period, the proportion of non-students living with their parents increased from 24 per cent to 34 per cent, shown by the dashed line in Figure 1. (We exclude full-time students for the remainder of this section.[7])

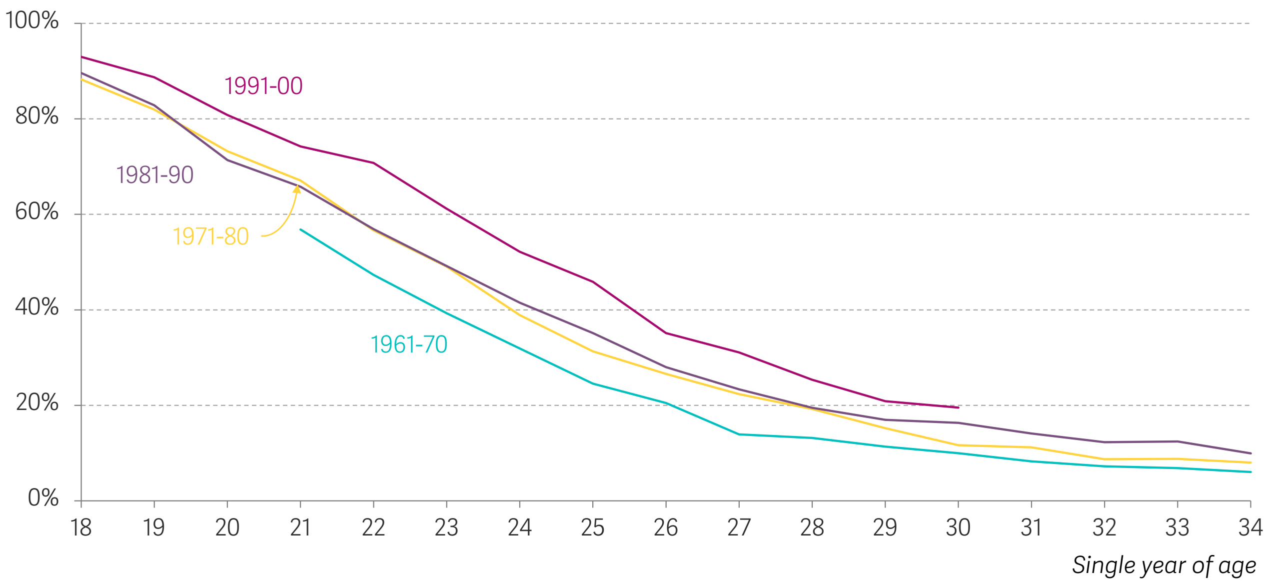
Figure 2 highlights that the increase in young adults living 'at home' has been driven by a consistent rise across the early adult age-range for those individuals born in the 1990s, compared to the previous two cohorts. As young adults age they, naturally, always become more likely to move out. But more recent cohorts start out being more likely to still be at home when they turn 18, and this gap persists as they age. The gap between the cohorts peaks in the mid-twenties: the likelihood of living with parents between age 22

7 This is partly because their reasons for living at home differ from other young adults and are more likely to be transitional; see, for example: J Patiniotis & C Holdsworth, 'Seize That Chance!' Leaving Home and Transitions to Higher Education, Journal of Youth Studies 8(1), 2005. But more practically, students living away from home are disproportionately likely to drop out of the survey, although the study does attempt to follow them: Understanding Society, How are students living away treated?, accessed 31 October 2024.

and 25 was over 10 percentage points higher among the 1990s cohort than for the cohort born in the 1980s. By age 30 – the oldest age for which we have reliable data for the 1990s cohort – the gap narrows somewhat, but 30-year-olds born in the 1990s are still 3 percentage points more likely to live with their parents than those born in the 1980s (19.5 per cent versus 16.3 per cent).

FIGURE 2: **More of the 1990s birth cohort live at home through their twenties**

Proportion of people living with their parents (excluding full-time students), by cohort and single year of age: GB



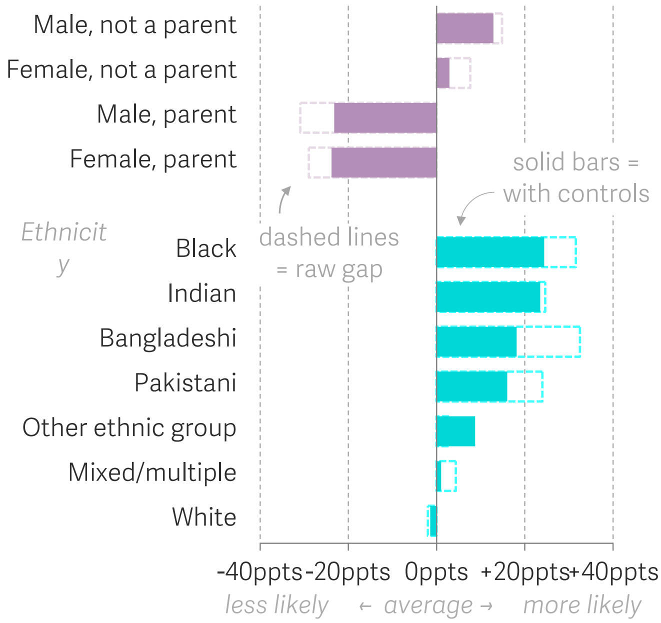
NOTES: Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

It's not just down to demographics

Figure 3 shows key groups of 18-34-year-olds with above- and below-average rates of living at home. (The dashed lines represent the raw difference with the 18-34-year-old average, while the solid bars isolate the impact of each demographic factor alone after controlling for other characteristics.) Three groups stand out. First, having your own children speeds the flight from the nest: young parents, both mothers and fathers, are more than 20 percentage points less likely than average to live with their parents, while young men without children are 12 percentage points more likely. Second, there is substantial variation between different ethnic groups, with higher-than-average rates of living at home among young people from Black (+25 percentage points), Indian (+24 percentage points), Bangladeshi (+19 percentage points) and Pakistani (+16 percentage points) backgrounds. Third, personal unemployment increases the likelihood of living with parents, with unemployed young adults 11 percentage points more likely than average to do so, all else being equal. On top of these main effects, a concentration of stay-at-homers with less education and from working-class backgrounds, underlines a sense that this is a form of intergenerational support that relatively disadvantaged groups often fall back on more heavily.

FIGURE 3: **Males, minorities and workless people stay at home more**

Gap with the average proportion of 18-34-year-olds (excluding full-time students) who live with their parents, before and after controlling for other factors, by selected characteristics: UK, 2019-2022

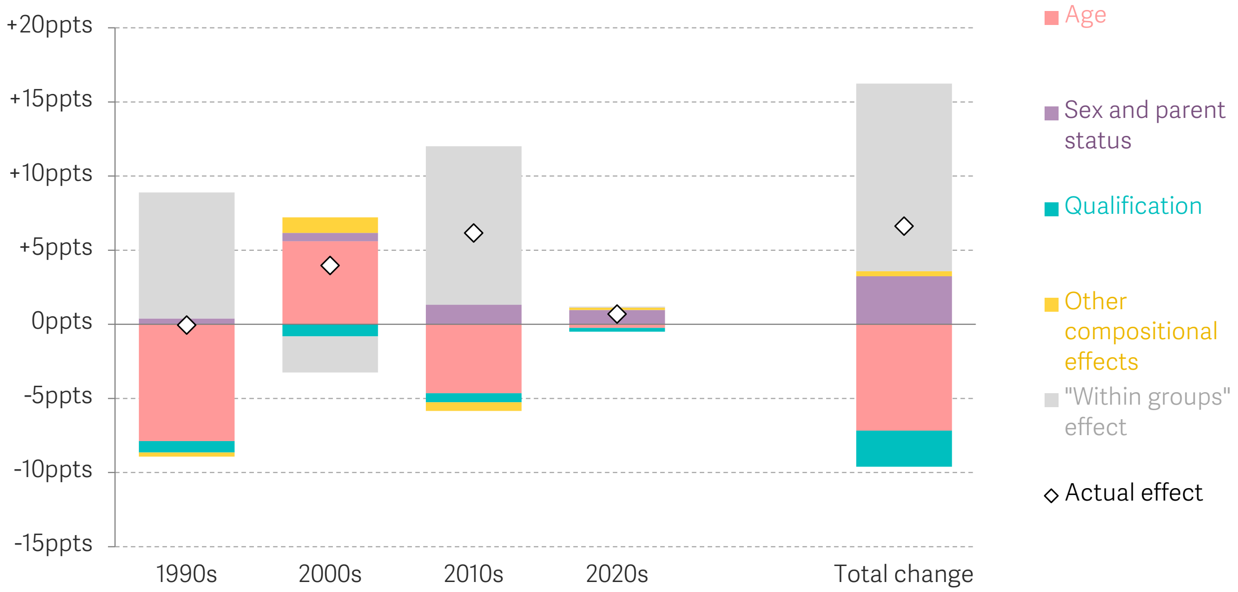


NOTES: The solid bars control for all the other demographic characteristics shown on the chart, single-year-of-age dummies, whether born in the UK, and the date (year and quarter) of interview. Socio-economic group is derived using parents' jobs when the individual was aged 14, using the aggregation guidance in: Social Mobility Commission, Employers' toolkit, February 2020. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society.

One possible explanation for the trend for 'staying home' could be demographic shifts within the young adult population – towards groups more likely to live with their parents. But Figure 4 shows that changes to the demographic make-up of the 18-34 age group have not driven the overall rise in young adults living with their parents. Over the 1991-2022 period as a whole, for example, declining birth rates at the end of 20th century means the 18-34 age group has gotten slightly older, on average, meaning we should expect more of them to have moved out. Meanwhile, rising university attendance has slightly pushed down on the share of young adults whom we would expect to live at home, all else being equal, because graduates are more likely to move out than other young adults. Other factors, such as rising ethnic diversity, have pushed slightly the other way. Also, people are leaving it later to have their own children, too, so there are more childless young adults – who are more likely to stay at home. Overall, since 1991, compositional factors have reduced the expected proportion of young people living with their parents by 6 percentage points. Instead, the rise observed in Figure 1 is entirely due to 'within-group' effects: that is, changes not explained by the factors in Figure 4. It's not, in other words, the changing mix of people that has made the difference, but more the society – and perhaps particularly the economy – that they are living in that has fed the trend for staying home for longer. Box 1 explores some of these wider changes.

FIGURE 4: **Compositional changes don't explain the rise in living 'at home'**

Decomposition of the change in the proportion of 18-34-year-olds living with parents, by period: GB



NOTES: Excludes full-time students. 'Migration status' is a dummy variable for whether born in the UK; 'sex and parent status' refers to a four-way categorisation of male/female and whether or not a parent; 'age' refers to single-year-of-age dummies; and 'qualification' is a three-way categorisation of degree/higher education, A Level or equivalent, or GCSE or below. 'Other compositional factors' includes dummy variables for ethnicity, employment status, and socio-economic background (based on parents' job at age 14). We also control for the date (year and quarter) of interview. Separate analysis for 2009 onwards, when we can incorporate a wider set of controls, confirms that including disability status and an urban/rural flag does not change our results. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

BOX 1: **It's the economy, stupid**

A wide range of factors has contributed to the growing number of young adults living with their parents, potentially reflecting economic and social shifts since the early 2000s.[8]

Figure 4 captures one key social factor contributing to this phenomenon: people are having children later in life, which in turn tends to delay moving out of the parental home. The same is also true of partnership formation.[9]

But studies have identified economic factors as the primary drivers of the recent rise.[10] The 21st century has been marked by costly housing, repeated economic shocks and stagnating living standards, which have likely encouraged young people to remain at home for longer.[11] Indeed, those out of work are more likely to say that they cannot afford to live independently, whilst those in work are most likely to say that they are living with parents in order to save for future housing costs.[12] The Office for National Statistics is among those who have linked the rise in living with parents to rising housing costs relative to incomes and the increased deposits required to buy a home.[13] This has delayed homeownership for many, especially those without financial support from the 'Bank of Mum and Dad' (a topic we will return to later in this section), meaning the alternative for many young adults living at home is ever-increasing rental prices.[14] Living at home may also afford young people more space: the amount of floor space per person has been falling since the mid-1990s in the private rented sector, from 34m2 in 1996 down to 28.6m2 in 2018.[15]

In addition, young people have been at the sharp end of the rise in insecure work since the financial crisis,[16] making it more difficult to earn a stable enough

8 See, for example: J Roberts et al., Living with the parents: the purpose of young graduates' return to the parental home in England, Journal of Youth Studies 19(3), August 2015; K Hill et al., Home Truths: Young adults living with their parents in low to middle income families, Centre for Research in Social Policy, Loughborough University, September 2020.

9 A Berrington, J Stone & J Falkingham, The changing living arrangements of young adults in the UK, Population Trends 138, December 2009. We do not include partnership status in our decomposition because our data only consistently identifies whether someone is living with a partner. It is unclear whether the fall in people living with a partner is primarily due to an increase in individuals living with their parents, or vice versa, as both factors could mechanically influence each other.

10 K Hill et al., Home Truths: Young adults living with their parents in low to middle income families, Centre for Research in Social Policy, Loughborough University, September 2020.

11 Resolution Foundation & Centre for Economic Performance, LSE, Stagnation nation: Navigating a route to a fairer and more prosperous Britain, Resolution Foundation, July 2022.

12 A Berrington and B Perelli-Harris, Understanding intergenerational co-residence in the UK: New insights from the UK Generations and Gender Survey, Centre for Population Change and Connecting Generations, November 2024.

13 Office for National Statistics, Why are more young people living with their parents?, February 2016.

14 L Judge & J Leslie, Stakes and ladders: The costs and benefits of buying a first home over the generations, Resolution Foundation, June 2021.

15 J Gleeson, Housing Research Note 6: An analysis of housing floorspace per person, Greater London Authority, February 2021.

16 G Bangham et al., An intergenerational audit for the UK: 2019, Resolution Foundation, June 2019.

income to live independently.[17] And reductions in welfare support may also have contributed, as parents must increasingly step in to provide support where the benefits system falls short.[18]

People living with parents work less and on worse terms

For many young people, living with parents is a deliberate and positive choice. Perhaps they have strong family connections,[19] or their parents live in areas with a strong jobs market, allowing them to access local opportunities while avoiding the high housing costs that these areas often bring.[20]

But not all reasons are so positive. Some young adults may be compelled to live at home due to difficulties securing stable employment, even if they would prefer to live independently.[21] The fact that (as Figure 3 showed) economically disadvantaged groups – those from more working-class backgrounds, for example, and those who are themselves unemployed – are among those most likely to do so suggests that income constraints may be more important.

Figure 5 further supports this, showing that young adults living with their parents are generally enduring a worse experience of the labour market than other young people. The unemployment rate of the former group is three times as high as their peers (15 per cent versus 5 per cent), and those that are in work are around twice as likely to be low paid (33 per cent versus 16 per cent) or employed on a temporary contract (11 per cent versus 6 per cent). Young adults living with parents are also more likely to be out of work due to a health condition than those living away from home (5 per cent and 2 per cent respectively). Only when it comes to inactivity due to caring responsibilities do they fare 'better' (with only 1 per cent of live-at-homers being classed that way, versus 5 per cent of the wider group). But this is unsurprising, given that parenthood – the great driver of worklessness for caring reasons – is associated with a lower likelihood of living at home (as per Figure 3, above).

After adjusting for factors such as age, qualification level and socio-economic background, the differences in outcomes for young people living at home remain, but

17 J Stone, A Berrington & J Falkingham, Gender, Turning Points, and Boomerangs: Returning Home in Young Adulthood in Great Britain, Demography 51(1), November 2013.

18 Countries with a stronger welfare state have lower rates of young adults living with their parents. See, for example: R Arundel & C Lennartz, Returning to the parental home: Boomerang moves of younger adults and the welfare regime context, Journal of European Social Policy 27(3), February 2017.

19 A Alesina & P Giuliano, The power of the family, Journal of Economic Growth 15, May 2010.

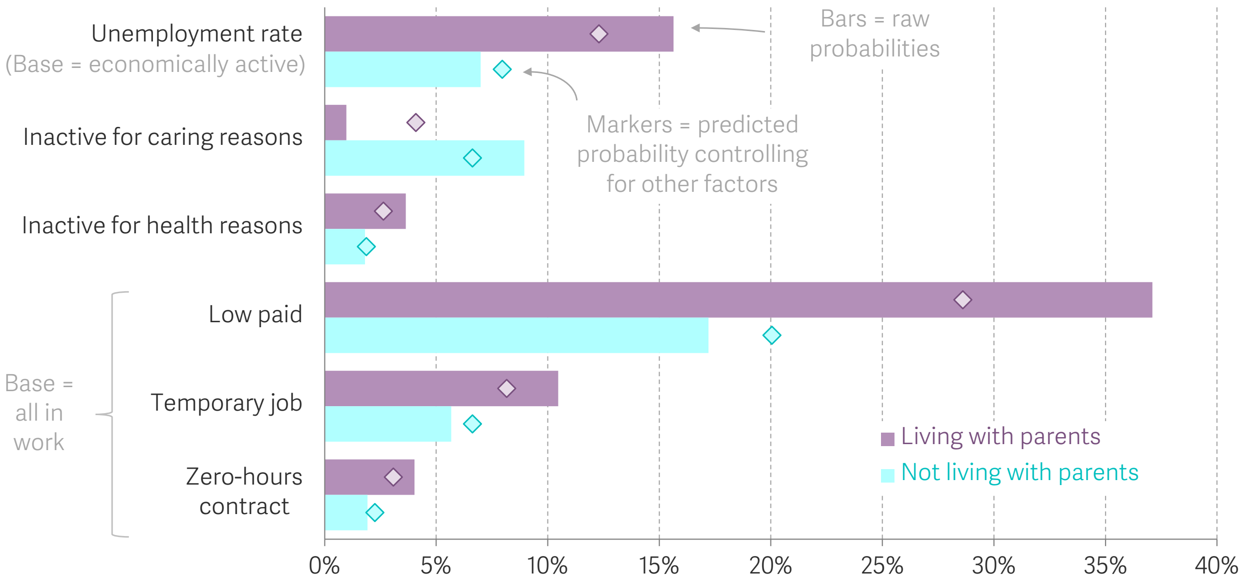
20 See, for example: L Judge, Moving matters: Housing costs and labour market mobility, Resolution Foundation, June 2019, which shows that even leaving aside the issue of upfront moving costs, moving to parts of the country with higher pay does not always meaningfully improve living standards as higher housing costs counterbalance earnings gains.

21 See, for example: E Karagiannaki, Transition to adulthood in an intergenerational family context: a cohort and gender analysis based on Understanding Society, Understanding Society Working Paper Series 2024-06, June 2024.

they tend to be smaller (as shown by the markers in Figure 5). For example, if young people living with their parents had the same demographic characteristics as those living independently, we would expect their unemployment rate to be twice as high as those not living at home (12 per cent versus 6 per cent), rather than three times as high as the unadjusted figures suggest. So, the question of what motivates people to live at home is having a bearing on our results, but they emerge as disadvantaged in the labour market even once we allow for that.

FIGURE 5: **Young adults living with parents have worse labour market experiences than others – which is partly explained by who they are**

Proportion of 18-34-year-olds (excluding full-time students) in different types of employment, by whether living with parents: UK, 2009-2022



NOTES: Excludes full-time students. The markers show the marginal probabilities after controlling for sex/whether a parent, single year of age, ethnicity, region/nation, urban/rural residence, qualification level, whether has a disability, socio-economic background, and quarter of interview. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society.

We are, then, undoubtedly dealing with a relatively disadvantaged group in considering 'live-at-homers'. Analysis of the UK Generations and Gender Survey (GGS) found that, among 18–34-year-olds, the predominant reasons for intergenerational co-residence were economic, reflecting high housing costs and the ongoing cost-of-living crisis.[22] The question remains as to whether recourse to the family home is a useful way to manage that disadvantage, or a trap that could make it worse. Might, for example, settling into the

22 A Berrington & B Perelli-Harris, Understanding intergenerational co-residence in the UK: New insights from the UK Generations and Gender Survey, Centre for Population Change and Connecting Generations, November 2024.

routines of adult life in the parental home in a run-down local economy make it harder to find work, to change jobs and particularly to get ahead in a career?

Staying at home means fewer home moves, but not fewer job swaps

Living with parents can provide young adults with direct financial benefits, most obviously saving on rent.[23] As a very rough indication of the value of this support, we estimate that if all the young adults living with their parents were to move to the private rented sector, their rental costs would add up to a total of £3.0 billion a month.[24]

Living at home can also bring with it wider emotional support, especially for those with strong family ties.[25] And living with parents may serve as a safety net, allowing young people to take career risks that could aid their future progression.[26]

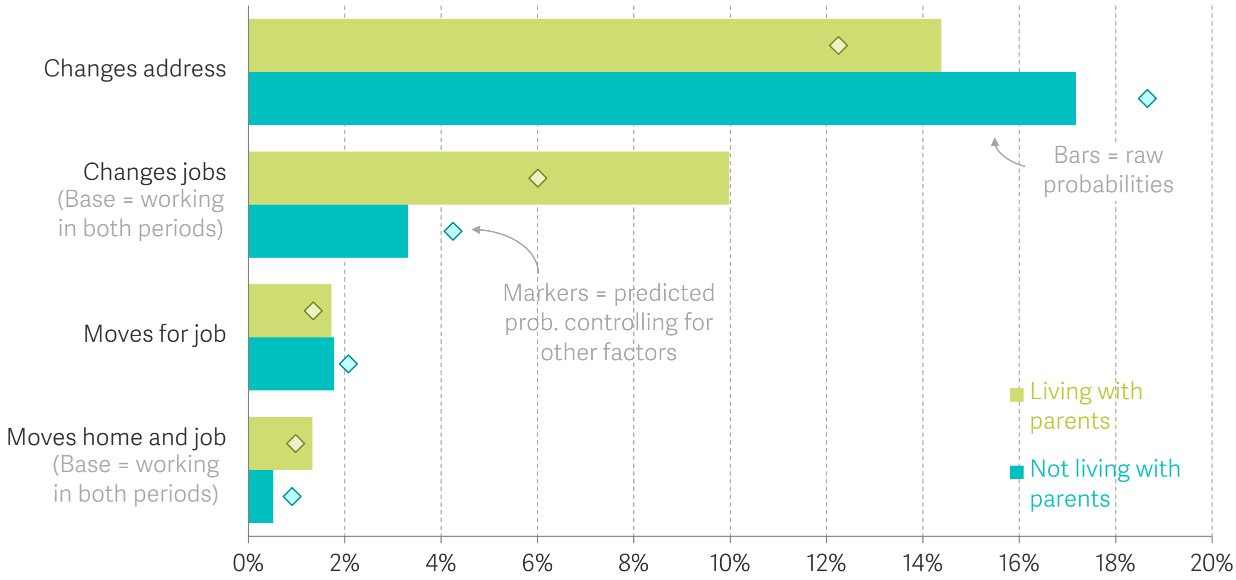
However, there could be a risk, that prolonged co-residence with parents could have a negative impact on these young adults' future living standards. In particular, it could potentially prevent young adults from moving to parts of the country with better economic opportunities, an important means of progressing in the labour market, leading to them becoming 'stuck' in low-wage work.[27]

This theory is not, as Figure 6 demonstrates, borne out in the data. Young people living at home are indeed less likely to move address than those not living with their parents (a raw difference of 3 percentage points, widening to 5 percentage points after adjusting for other characteristics). But holding other demographic characteristics constant, there is little difference between young adults living with their parents and their peers in their likelihood of changing jobs, moving home for job-related reasons, or moving home and jobs at the same time.

23 K Hill & D Hirsch, Family sharing: A minimum income standard for people in their 20s living with parents, Centre for Research in Social Policy, Loughborough University, September 2020.
24 In 2024 prices. We calculate this by taking the average monthly rent paid by 18-34-year-old non-students in the private rented sector who were not living with their parents in 2022, uplifted for average rental price growth between 2022 and 2024, multiplied by the number of non-student 18-34-year-olds who *were living with their parents. Since the data does not tell us the share of the rent each person in the household is paying, we assume that rent is split evenly between all adults in the household. This figure does not net off any rent payments that young people living at home may be contributing to their parents. Source: RF analysis of ISER, Understanding Society; ONS, Price Index of Private Rents, UK: monthly price statistics, October 2024; ONS, Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland, October 2024.*
25 T Swartz et al., Safety Nets and Scaffolds: Parental Support in the Transition to Adulthood, Journal of Marriage and Family 73(2), March 2011.
26 J Roberts et al., Living with the parents: the purpose of young graduates' return to the parental home in England, Journal of Youth Studies 19(3), August 2015.
27 L Judge, Moving matters: Housing costs and labour market mobility, Resolution Foundation, June 2019.

FIGURE 6: **Staying in the family fold means fewer home moves, not fewer job switches**

Proportion of 18-34-year-olds (excluding full-time students) who change address or job over the following year, by whether living with parents: UK, 2009-2022

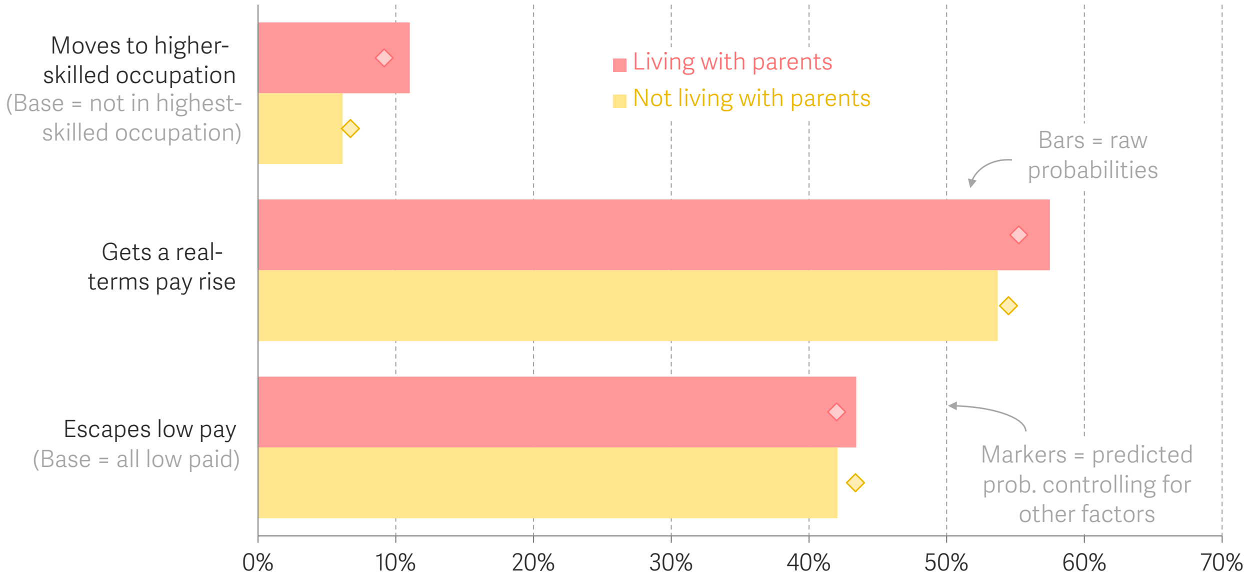


NOTES: The markers show the marginal probabilities after controlling for sex/whether a parent, three-year age bands, ethnicity, region/nation, urban/rural residence, qualification level, whether has a disability, socio-economic background, and year of interview; the 'changes address' and 'moves for job' bars also control for employment status. All controls are defined in the first wave of the two-year longitudinal period. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society.

So there is no sign of any overall 'parent trap' that prevents young adults finding work or changing jobs. But it could still be the case, for example if a young adult were living in a family home in a stagnant local economy, that job moves could disproportionately be between a run of low-wage jobs, rather than climbing the career ladder. However, this is another unfounded scenario. As Figure 7 shows, young adults living with their parents are no less likely to progress into higher-skilled occupations, receive pay increases, or escape low pay.

FIGURE 7: **Young people living at home do not suffer a progression penalty**

Proportion of 18-34-year-olds (excluding full-time students) in employment who make selected labour market transitions over the following year, by whether living with parents: UK, 2009-2022



NOTES: Chart includes people who are in work in both waves. The markers show the marginal probabilities after controlling for sex/whether a parent, three-year age bands, ethnicity, region/nation, urban/rural residence, qualification level, whether has a disability, socio-economic background, and year of interview. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society.

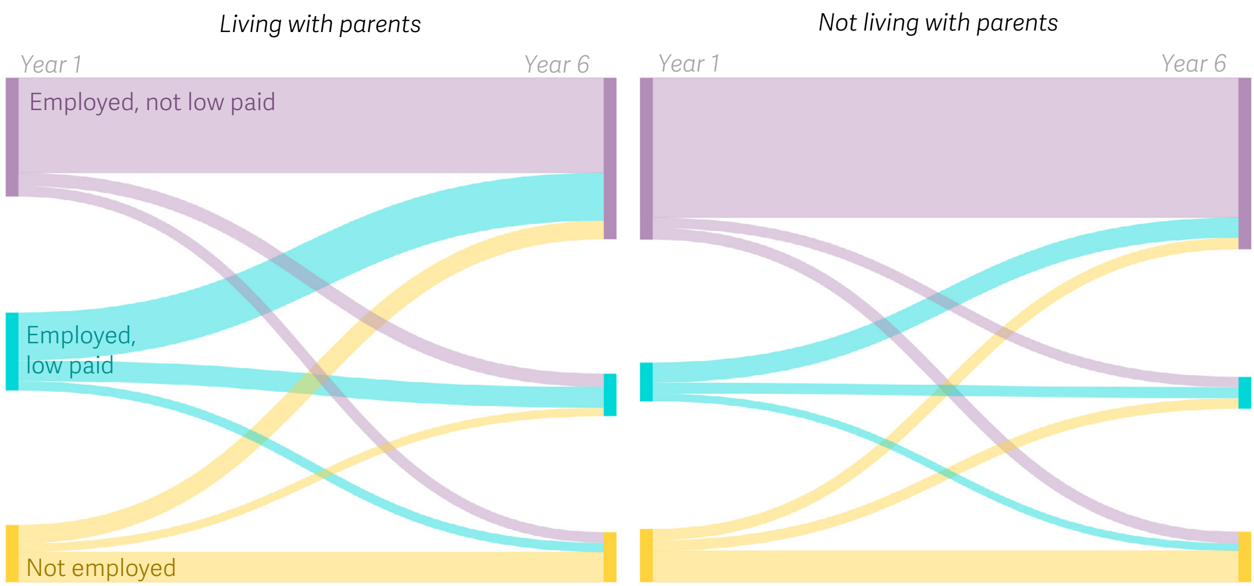
Stay-at-homers actually 'catch up' with their peers over time

Over the longer term, young adults who live at home increasingly secure decently paid work and 'catch up' with the labour market outcomes of their peers (see Figure 8).[28] Although they start out with higher rates of low pay (31 per cent, compared to 15 per cent of those not living at home), these gaps narrow over time, and after five years, young adults who started out living at home are both just as likely to be employed and only marginally more likely to be low paid (17 per cent versus 13 per cent) than those who started out living independently. Given they were a relatively disadvantaged group to start off with, this catch-up is impressive: staying with their parents begins to look less like a trap than a springboard.

28 This convergence remains if we hold age constant.

FIGURE 8: **Live-at-homers start out with less work and lower pay, but over time they catch up on decently paid work**

Transitions of 18-34-year-olds (excluding full-time students) between different labour market statuses over a six-year period, by whether living with parents: UK, 2009-2022



NOTES: Excludes full-time students. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society. Sankey diagram created using SankeyMATIC.

In fact, having lived at home in young adulthood makes very little difference to most labour market outcomes. After accounting for other demographic characteristics, young adults who lived with their parents five years ago are no more or less likely to be unemployed (or out of work more widely) and have a similar level of hourly pay to those who were living independently.[29] However, they do tend to have slightly lower weekly pay, reflecting that they work fewer hours on average.[30] But broadly speaking, there is little evidence of living with parents holding young adults back from getting ahead in their careers.

Family homes in London offer special perks

So far, we have been looking at comparisons of those who do and do not live with their parents across the country, and reporting an average impact. But this average could mask variations among different groups of young people. For example, those with families in humming urban centres such as London may enjoy unusual access to a wider range

29 Based on regressions of each dependent variable on the five-year lag of living with parents and a set of control variables, using robust standard errors. For each of unemployment, employment and real hourly pay, the five-year lag of living with parents is statistically insignificant.

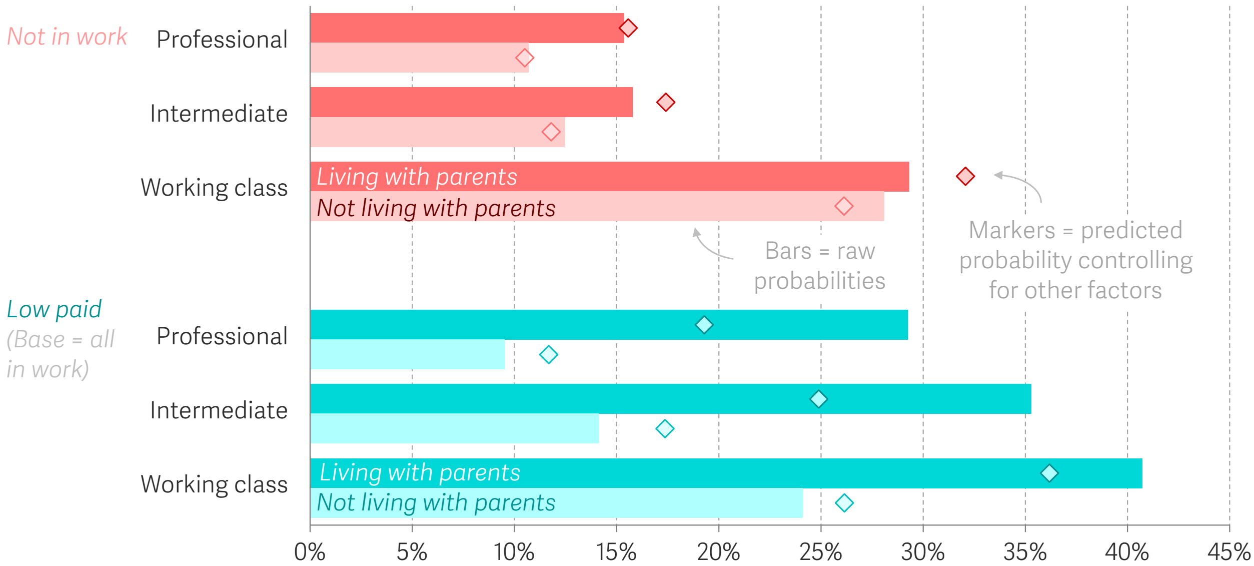
30 Based on a regression of real weekly pay on the five-year lag of living with parents and a set of control variables, using robust standard errors. Predicted monthly pay is 15 per cent lower among those who were living with their parents five years earlier compared to those who were not, and the difference is statistically significant.

of job opportunities while staying at home, while other young people whose parents live in economically disadvantaged areas might be restricting their options if they stay with their parents. More generally, young people who have grown up in better-off families may benefit not only from more comfortable lodgings, but also bigger savings on living costs and access to more prosperous local labour markets. Could that make the option of living at home more of a 'springboard' for them?

In general, the answer is not really. Let's consider variation by socio-economic background, as measured by the jobs that people's parents were doing when they were 14 years old.[31] Figure 9 shows that – across the social classes – young adults living with their parents are more likely to be out of work than those who don't, as we saw earlier in Figure 5. Across the class spectrum, too, young adults living with their parents are more likely than their counterparts to be working for low pay. These uniformly negative associations with living at home persist when we apply controls for various personal characteristics.[32]

FIGURE 9: **Living with parents has a similar impact for young people from all socio-economic backgrounds**

Proportion of 18-34-year-olds (excluding full-time students) not in work or in low-paid work, by socio-economic background and whether living with parents: UK, 2009-2022



NOTES: Excludes full-time students. Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society. Sankey diagram created using SankeyMATIC.

In stark contrast, living with parents does appear to have positive associations for those with a family home in London. Figure 10 again compares the likelihood of young people

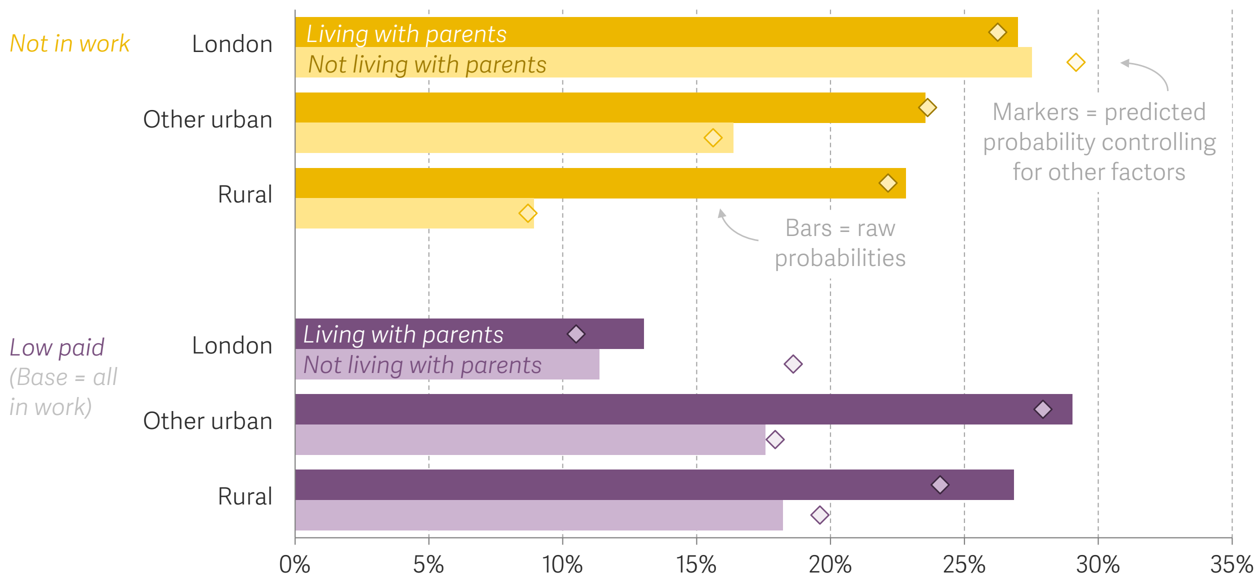
31 Respondents' parents' jobs at age 14 (whether in work and, if so, occupation) are categorised using the aggregation guidance in: Social Mobility Commission, Employers' toolkit, February 2020. For respondents with occupations reported for two parents, the socio-economic category used in this analysis is the higher of the two.

32 This is true both before and after controlling for differences in other demographic characteristics between these groups.

being out of work or in low-paying jobs by the broad area of where they grew up.[33] For those who grew up in rural regions or urban areas outside London, living with parents is associated with elevated rates of worklessness and low pay. But the pattern is reversed for young people from London where, after adjusting for other characteristics, living with parents is associated with being less likely to be out of work or low paid. This could suggest that living with parents in London – where finding your feet is otherwise extremely expensive – could be helping young adults to secure well-paid employment, in a manner unmatched elsewhere.[34]

FIGURE 10: **Living with parents in London is associated with better employment outcomes, but the reverse is true in other parts of the country**

Proportion of 23-28-year-olds (excluding full-time students) not in work or in low-paid work, by residence at age 16 and whether living with parents: UK, 2016-2022



NOTES: Weighted for attrition based on the approach in Y Luo, J Nur & Y Jin, Adjust for non-ignorable panel attrition in the analysis of leaving the parental home, Advances in Life Course Research 60, March 2024.
SOURCE: RF analysis of ISER, Understanding Society.

Many young people living with their parents would no doubt prefer an affordable option for living independently. However, in the absence of such options, our analysis suggests that – at least when it comes to labour market outcomes – being able to rely on the family home serves as a valuable resource for young people starting out. Living at home can allow young people

33 We use the region of residence at age 16 (or the interview age closest to age 16) as a proxy for the likely location of young adults' family home. We recognise, however, that some parents may have moved to a different area of the country after their children left home, and some young adults may not have the option of returning to their family home, for example if their parents have passed away or left the country or if they do not have a good relationship with their family of origin. Because we are limited to interviewees who we observed at or around age 16 and who are old enough to have meaningful labour market outcomes, the sample in Figure 10 is based on a smaller age range than for the rest of the analysis in this section.

34 Data limitations mean that we can only identify the broad region or nation where an individual lived at age 16 and whether the area was urban or rural. This means that we cannot, for example, identify those living in other major cities outside London. In addition, this information is only available for young people who were in the Understanding Society sample at or around age 16.

to save on housing costs, benefit from a financial safety net to support risk-taking and receive emotional support from family, without (for the most part) becoming trapped in poor employment outcomes in the future. And this is also a resource often available to people in disadvantaged parts of the community, who may have fewer other privileges to rely on.

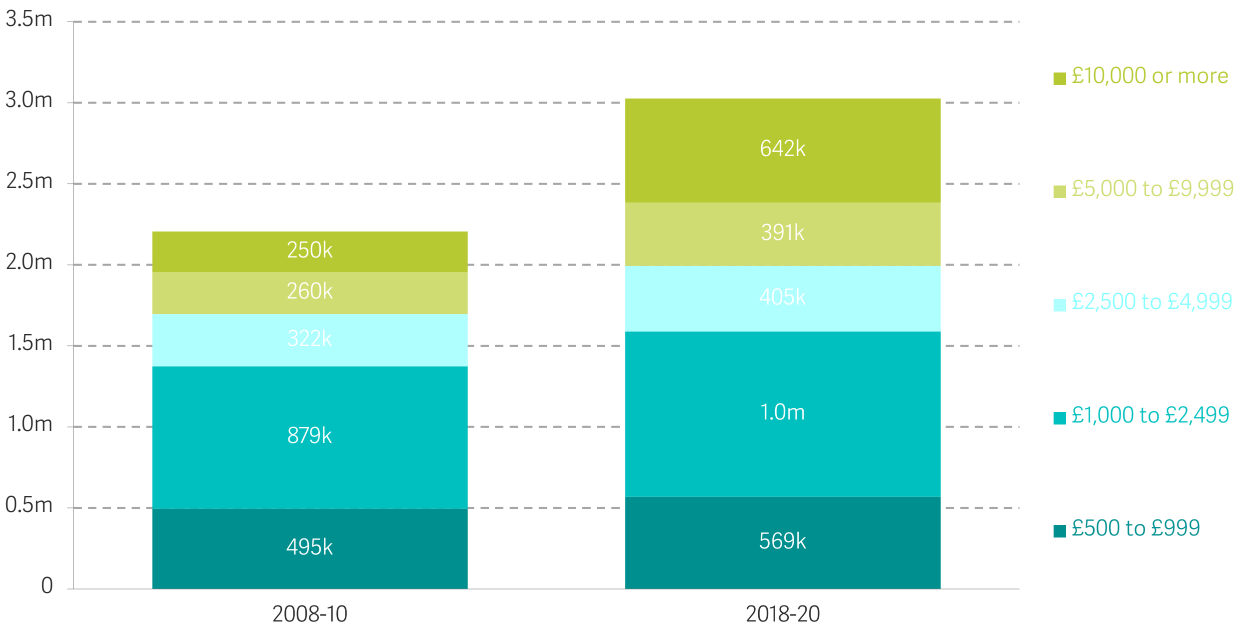
Some parents provide gifts to help their children buy a home

Letting adult offspring stay in their childhood bedrooms is not the only way that parents have of supporting housing needs. For those families who can afford it, direct transfers of cash are sometimes another important part of the picture.

Since 2008-10, the total number of adults receiving a financial gift over £500 within the prior two years has grown by 34 per cent, increasing from 2.3 million in 2008-10 to 3 million in 2018-20. During this period, the number of large financial gifts also increased substantially. As shown in Figure 11, in 2008-10, 250,000 people reported receiving gifts over £10,000, representing 11 per cent of all gifts received; by 2018-20, this number had more than doubled to 650,000, with such gifts accounting for 21 per cent of all gifts received.[35] As a result, both the rise in the number and size of gifts have significantly boosted the total value of financial gifts, from £13.1 billion in 2008-10 to £29 billion in 2018-20.[36]

FIGURE 11: **The prevalence of large financial gifts has been on the rise**

Number of adults that received a financial gift of £500 or more, by value of financial gift: GB, 2008-10 and 2018-20



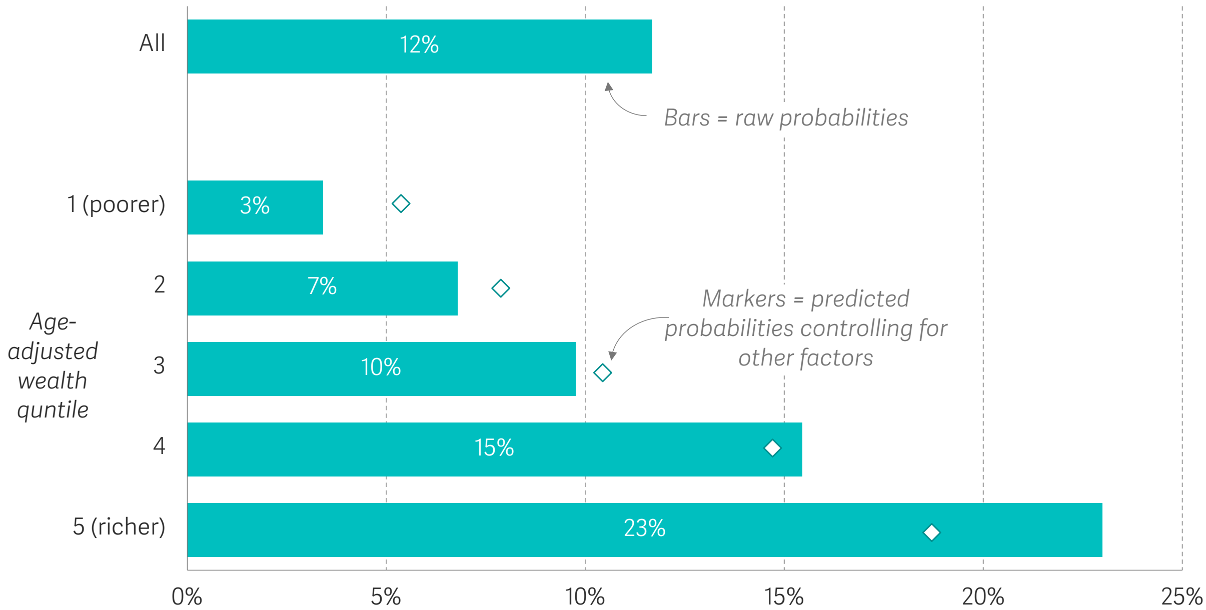
NOTES: Value of inheritances have been adjusted to 2018-20 prices using CPIH. Adults are defined as non-dependent children.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

35 The proportion of adults in Britain receiving a gift of £10,000 or more increased from 0.6 per cent in 2008-10 to 1.3 per cent in 2018-20.
36 Data are in 2018-20 prices.

Nearly three-quarters (73 per cent) of financial gifts come from parents, with grandparents accounting for an additional 10 per cent. Examining the characteristics of gift-givers, data from 2018-20 shows that 12 per cent of individuals over age 50 reported giving a financial gift over £500 in the prior two years. Unsurprisingly, wealthier people are more likely to give a gift: Figure 12 shows that 23 per cent of people over 50 in the top wealth quintile reported giving a financial gift in 2018-20, compared to only 3 per cent in the bottom wealth quintile. This difference remains, though less pronounced, after controlling for personal characteristics – including income – so we isolate the asset effect. Those over 50 in the top wealth quintile were 7 percentage points more likely than average to give a financial gift, while those in the bottom quintile were 6 percentage points less likely. These patterns indicate that people with wealthier parents are more likely to receive financial gifts – a factor that significantly shapes the opportunities available to them.

FIGURE 12: **Wealthier people are more likely to give a financial gift**

Proportion of people aged 50 and above that reported giving a financial gift in the prior two years, by wealth quintile: UK, 2018-20



NOTES: Wealth quintiles are age-specific wealth quintiles based on five-year age cohorts. The markers show the marginal probabilities after controlling for age, income, health and education status.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

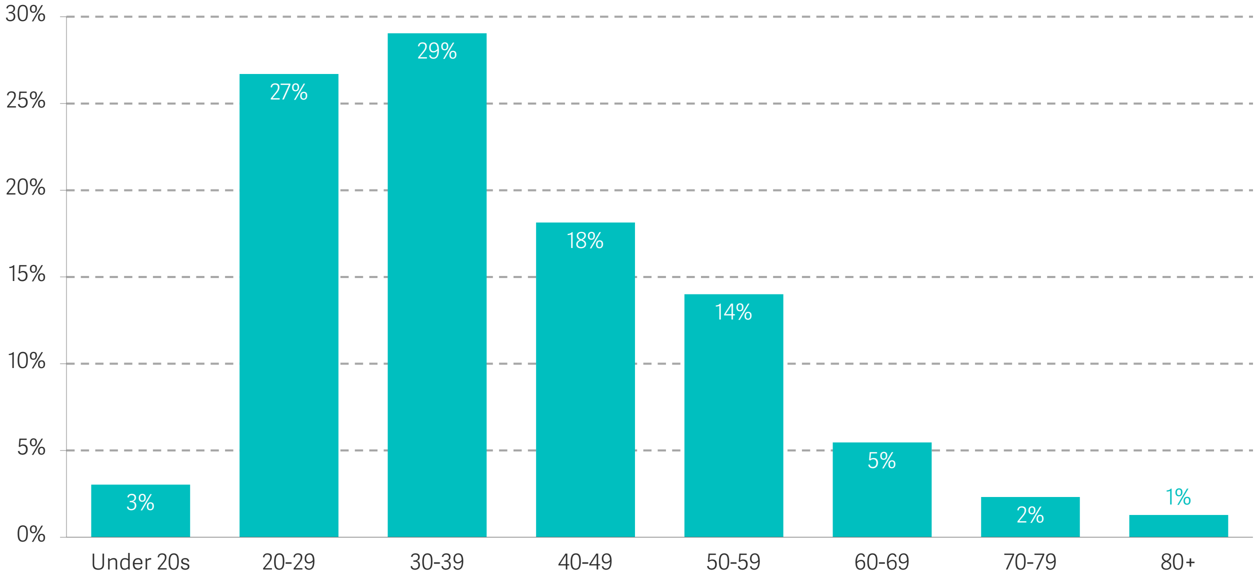
Financial gifts tend to be received relatively early in life. Figure 13 shows that nearly three-in-ten (29 per cent) people that received a financial gift were in their 30s. This is the age group who are most likely to become first-time buyers: in 2022-23, the average age of first-time buyers was 34 years.[37] This suggests that many gifts may be intended to support

37 Department for Levelling Up, Housing and Communities, English Housing Survey Headline Report, 2022-23, December 2023.

home ownership, a notion backed by previous research which found that, in 2021, the largest single driver of gift-giving was for property purchases (33 per cent).[38]

FIGURE 13: **More than half of people who received a financial gift were in their 20s or 30s**

Age of those that received a financial gift of £500 or more: GB, 2018-20



NOTES: Respondents are only asked to report goods or cash gifts worth £500 or more. Data for non-dependent children only.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Recent trends in housing affordability are likely to be driving the rise in the number and value of financial gifts. In 2023, full-time employees in England could expect to spend around 8.3 times their annual earnings buying a home, up from 5.1 times in 2002.[39] This has made it especially challenging for younger individuals to save enough for a deposit; without financial assistance from family or friends, it now takes a typical young family over 14 years to save for a deposit – up significantly from around eight years in the mid-1990s. [40]

As a result, more people are turning to their family for help to get on the property ladder. In 2022-23, 36 per cent of recent first-time buyers (resident less than three years) used gifts from family and friends and 9 per cent used inheritances to help buy a home. This more than the proportion of first-time buyers that received help 10 years before: in 2003-04, 20 per cent of first-time buyers (resident less than five years) used gifts from family or

38 J Leslie & K Shah, Intergenerational rapport fair?: Intergenerational wealth transfers and the effect on UK families, Resolution Foundation, February 2022.
39 ONS, Housing affordability in England and Wales: 2023, March 2024.
40 M Broome, I Mulheirn & S Pittaway, Peaked interest?: What higher interest rates mean for the size and distribution of Britain's household wealth, Resolution Foundation, July 2023.

friends and 3 per cent used inheritance to help buy a home.41 For those without wealthy parents – and therefore limited access to financial gifts or inheritances – homeownership is becoming increasingly out of reach.

In fact, the importance of financial gifts in accessing home ownership may help to explain why the wealth gap on homeownership among young adults has been widening. For instance, the children of homeowners are now over twice as likely to be homeowners as the children of renters: in 2019, the homeownership rate for the children of homeowners was 51 per cent, compared to 22 per cent among the children of renters.[42]

While the Bank of Mum and Dad clearly plays a vital role in helping young generations get onto the housing ladder, research also indicates that those who receive parental help are able to put down deposits twice as large, purchase larger first homes, and have smaller mortgage payments compared to those without assistance.43 The Bank of Mum and Dad, then, does more than help children buy a home, it helps then secure more physical space and also more financial breathing room, with less burdensome mortgage debts.

Parental housing support provides young people with a valuable resource as they begin adult life. Relatively disadvantaged young people are more likely to have to fall back on the family home, but it looks to be an important source of support – more of a springboard than a trap. However, significant inequalities can arise from this support. For example, young adults whose parents can put them up in London often have better access to high-paying jobs. An even starker inequality exists between those who receive financial help from their parents to purchase a home and those who do not. Young people with less wealthy parents are less likely to receive such assistance, meaning they are more likely to buy their first home later – if at all – and do so with larger mortgages. The next section explores how parental support extends beyond housing to another key stage in life: raising children.

41 Department for Levelling Up, Housing & Communities, English Housing Survey Headline Report, 2022-23, December 2023.
42 B Boileau & D Sturrock, Help onto the housing ladder: the role of intergenerational transfers, December 2023.
43 M Rostom, Bomadland: How the Bank of Mum and Dad helps kids buy homes, Bank Underground, July 2023.

Section 3

Generation next: raising children

This chapter examines how intergenerational support has evolved, with a focus on childcare and its implications for families. Nurturing children from infancy to young adulthood is a cornerstone of intergenerational support, and while this report centres on adults' roles in family exchanges, childcare has a profound influence on broader patterns of family support. The chapter explores shifts in the division of childcare responsibilities between parents, the increasing role of grandparents, and how these changes affect parents' capacity to engage in the workforce.

In recent decades, mothers have dramatically increased their participation in the labour market, particularly those with pre-school children, narrowing the employment gap with fathers. This trend has significantly boosted the maternal contribution to household incomes. This chapter illustrates that although attitudes toward gender roles and employment have evolved and parenting roles have become more balanced, disparities remain. Mothers continue to bear the primary childcare responsibility, and their career choices are more heavily influenced by caregiving demands.

Finally, this chapter also explores the key role grandparents play in providing informal childcare, which can alleviate costs and offer parents greater work flexibility. However, despite the rise in maternal employment, grandparents' involvement has not increased over time. Factors such as aging, health, and the need to remain employed longer may have limited their ability to provide more support.

Nurturing children, as they slowly grow from babies into young adults, is the most fundamental of all forms of inter-generational support. The focus of this report is on the place of adults within intergenerational exchanges, but the question of who does the childcare is such a big one for families that it has a huge bearing on those overall patterns. The first issue is the balance – or, more precisely, 'imbalance' – of obligations towards children among the parents. A second is the extent to which the wider family, particularly grandparents, step in to help.

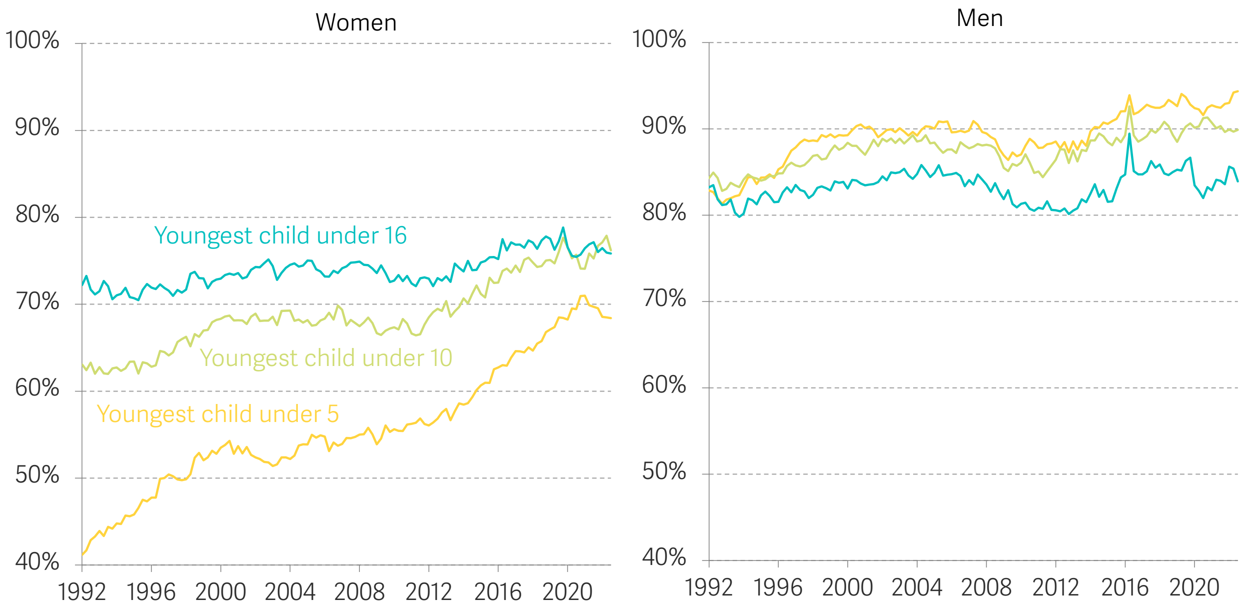
This chapter considers how the flow of support to the next generation has changed, including the balance between mothers' and fathers' roles, as well as the role played by grandparents in caring for grandchildren. And this chapter explores the extent to which this intergenerational support impacts parents' ability to maintain or pursue work or to increase working hours to boost living standards.

Mothers are working more and contributing more to household income

It is well documented that employment among mothers has been rising over the last three decades, as shown in Figure 14.[44] The sharpest rise has been among mothers of pre-school aged children, with around seven-in-ten (68 per cent) mothers with an under five-year-old employed in 2022, up from just four-in-ten (41 per cent) in 1992. However, mothers with children at all ages have seen rising employment rates over this period, and a closing of the gap with fathers.

FIGURE 14: **Mothers of young children have become more likely to be employed**

Employment rate of women (left panel) and men (right panel) 18 to 64 years old, by age of youngest dependent child: UK



NOTES: Employed includes all employees and self-employed.
SOURCE: RF analysis of ONS, Labour Force Survey.

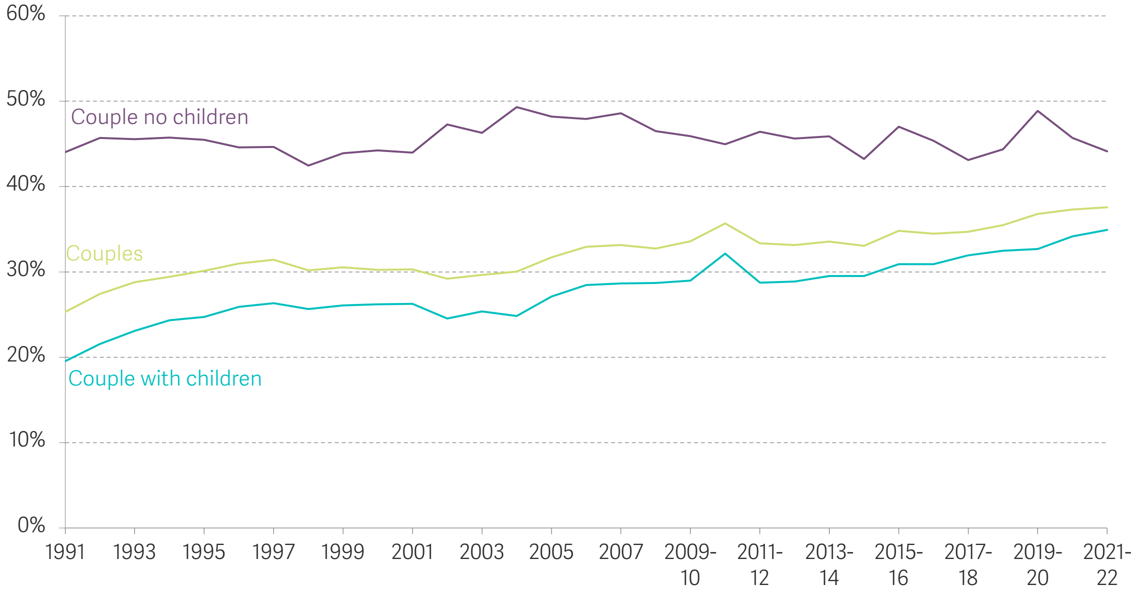
The narrowing of the employment gap between mothers and fathers also means that maternal incomes today account for a larger share of household income. Figure 15 shows the maternal income share rose from 20 per cent to 35 per cent between 1991 and 2021-22, for women aged 25 to 40 in a couple with children. And this increase has been much

44 For example, see: ONS, More mothers with young children working full-time: The proportion of mothers with children aged between three and four who are in employment is increasing, analysis suggests, September 2017.

more pronounced than for their counterparts without children, which has remained unchanged at 44 per cent in 2021-22. This means that the gender mix of couples' earnings is much less dependent on whether they have kids now than in the past.

FIGURE 15: **Growing contribution of maternal earnings to family finances**

Female share of household labour income, women aged 25 to 40: UK



SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

The primary responsibility for childcare has become more shared between parents, but stubborn gender gaps persist

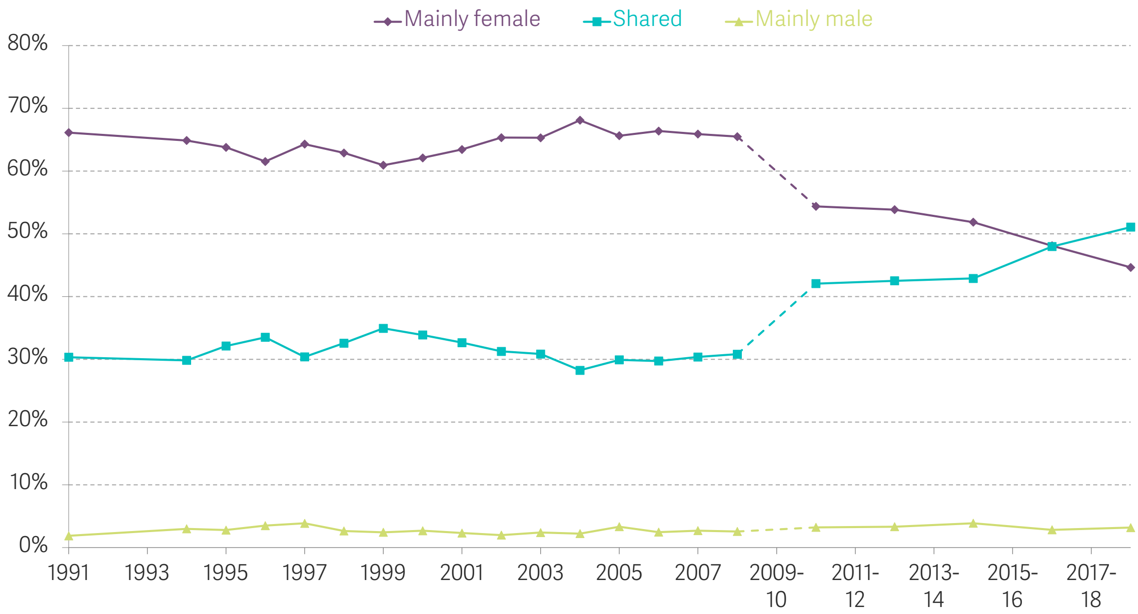
The shift in employment and income gaps between parents have coincided with changes in both attitudes and behaviours around gender roles and parenting responsibilities. Changing attitudes have seen a decline in support for a traditional division of labour and increased support for both parents working. For example, between 2002 and 2022, agreement that 'both the man and woman should contribute to the household income' increased from 59 per cent to 70 per cent, while agreement that 'a pre-school child is likely to suffer if his/her mother works' declined from 36 per cent to 21 per cent.[45]

Figure 16 shows that the proportion of parents that say that childcare responsibilities are primarily shared in practice has also been rising, from around one-in-three (30 per cent) to around a half (51 per cent). But this change only started from around 2008, before which parenting responsibilities were remarkably unchanged since the early 1990s,

45 J Allen & I Stevenson, Gender roles, National Centre for Social Research, September 2023.

despite employment and incomes shares starting to rebalance much earlier. The jump up in the data between 2008 and 2010-2011 (question not asked in 2009-10) corresponds to a change in the data source, from the British Household Panel Survey to Understanding Society. However, even if you limit the sample to only individuals appearing in the original British Household Panel Survey sample, this trend is still observed.[46]

FIGURE 16: **"Primary responsibility" for childcare is becoming more shared**



Proportion of respondents that respond childcare is primarily shared or primarily the female or male partners' responsibility: UK

NOTES: Shows response to survey question asking parents 'Who is mainly responsible for looking after the children?'. Includes women's and men's responses, but assumes partner is the opposite sex for all couples. For example, if a male respondent states partner is mainly responsible this will be counted as mainly female responsible.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

Although childcare is clearly becoming more shared, mothers remain more likely to shoulder the lion's share of childcare responsibilities, with very few dads taking on the primary caring responsibility. In 2018-19, 45 per cent of families reported childcare was primarily the female partner's responsibility, but only 3 per cent reported it being mainly the male partner's responsibility. And we can see this in time use data: on average, women living with a dependent child are spending half an hour more a day on childcare (57 per cent more) than men.[47] So, despite changing attitudes and behaviours, the

46 Although there is consistency in the question asked and the original household sample in the British Household Panel Survey was maintained, Understanding Society boosted samples (from around 5,000 households to 40,000 households) meaning there is a break in data between 2008 and 2009-10. Trends can be checked using only individuals that appeared in the original sample, but the weights will not be updated.
47 ONS, Time Use in the UK: March 2023, July 2023.

overall intergenerational transfer that childcare represents is still unevenly split across mothers and fathers.[48]

The labour market implications of having children are still larger for mothers than they are for fathers

These changing attitudes have coincided with changes in how mothers engage with the labour market. Figure 17 shows that the share of mothers of children under five who work part-time, do not work or are on parental leave to care for their child has fallen from around 40 per cent to just over 30 per cent, and is particularly evident post-2008, aligning with the period where shared parenting responsibilities started to increase. Figure 17 also shows there has also been a (much smaller) rise in the labour market implications for fathers, with the proportion of men with young dependent children choosing to work part-time, to not work or to take parental leave rising from 1 per cent to 3 per cent.

Overall, then, this generation's mothers (the millennials), are working more than those in the generations that came before them, while fathers are doing more childcare in place of (slightly) less paid work. But Figure 17 also makes two points clear. First, there is still a substantial gender parenting gap, with women's employment considerably more likely to be affected.[49] Our past research suggests that if the gender parenting gap continues closing at its current rate, it would take until the 2220s to reach gender parity.[50] Second, as the fall in the share of women classified by one of these employment statuses has not been fully offset by a corresponding rise for men, couples with children are more likely to both be undertaking paid work and, therefore, requiring childcare.

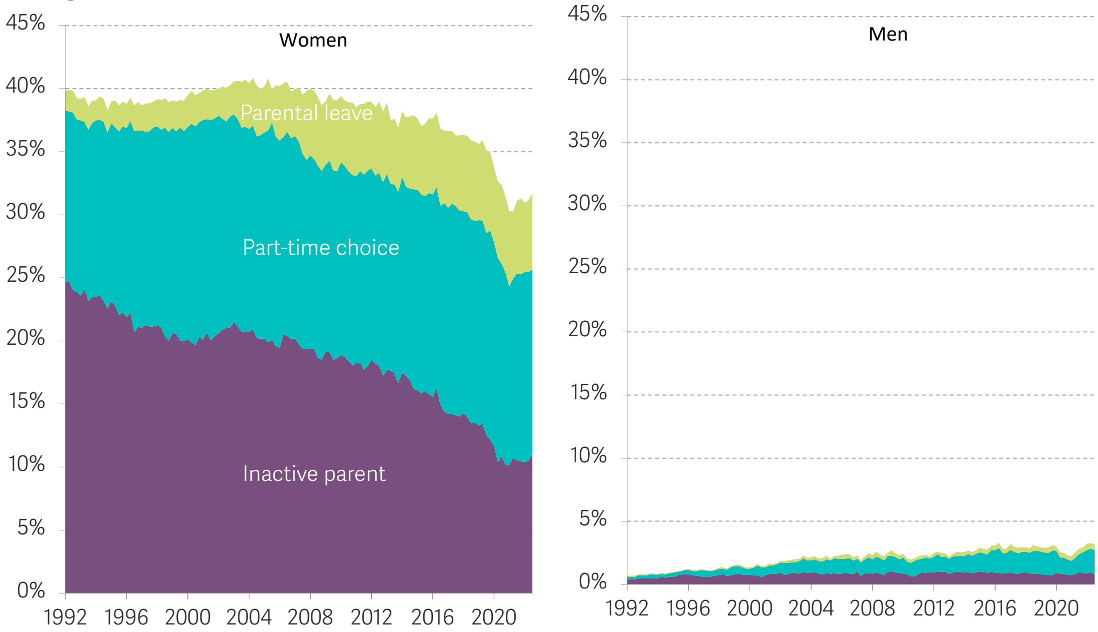
48 Among lower-income groups this rebalancing of gender roles has generally been smaller. The increase in shared parenting responsibilities post-2008 has been larger among 'well-off' dads: 56 per cent of higher-income families reported childcare was primarily shared in 2021-22 compared to only 47 per cent of lower-income families (both up from 31 per cent in 1991). And this might explain the somewhat surprising fact that men that are unemployed and live with a dependent child are undertaking less childcare on average (48 minutes per day) than those that are employed (58 minutes per day). Yet the reverse is true for women, where those that are not in employment spend on average an additional 11 minutes a day on childcare.

49 This is consistent with the finding that early evidence shows only a small share of fathers are taking advantage of shared parental leave. See: H Osborne, Tiny proportion of men are opting for shared parental leave, The Guardian, 5 April 2016.

50 A Corlett, How big is the gender parenting gap, and is it improving?, Resolution Foundation, March 2019.

FIGURE 17: **It is still overwhelmingly mothers whose employment is directly impacted by childcare**

Share of women (left panel) and men (right panel) with dependent children under five that are on parental leave, choosing part-time work or are economically inactive due to caring responsibilities: UK



SOURCE: RF analysis of ONS, Labour Force Survey.

The response has been more paid childcare

The increasingly important labour market role of mothers will naturally have increased the demand for childcare from other sources. Between 2009-10 and 2021-22 the proportion of individuals, in a household with a child under five, using childcare (covering any care carried out by anyone other than the parent responding or their partner) rose from 48 per cent to 61 per cent.[51] And Figure 18 shows that this has resulted in households spending a larger share of their incomes on childcare. For households with children under five, childcare costs as a share of after housing cost household income rose sharply from 9 per cent in 2001 to 16 per cent in 2016. It subsequently fell back to 11 per cent in 2019, in part due to the expansion of free childcare hours from 15 to 30 hours for working parents of three- and four-year-olds in 2017, but this remains above the initial 9 per cent of income at the turn of the century.[52] Meanwhile childcare costs for households with older, school-age children (aged five to 14), which were unaffected by recent changes to free childcare provision, have been relatively flat (except a relatively sharp increase in 2019 that may or may not be sustained).

51 RF analysis of ISER, Understanding Society.
52 T Jarrett, Children: Introduction of 30 hours of free childcare in September 2017 (England), House of Commons Library, July 2017.

FIGURE 18: **Spending on childcare has increased**

Proportion of after housing cost household income spent on childcare, by age group of youngest child in the household: UK

SOURCE: RF analysis of Living Costs and Food Survey.

The increased public provision of childcare has been welcomed by many families with pre-school children for its implications on both living standards and employment prospects (particularly for mothers). An evaluation of the policy suggests those on lower incomes were more likely to perceive that extended hours impacted their work patterns. For example, more than 50 per cent of lower-income mothers felt that extended childcare provision helped them to work or work more hours, while this was true for only 30 per cent of higher-income mothers.[53] But to the extent the policy primarily seeks to target boosting parental employment, there will be deadweight losses – the same evaluation found more than half of high income families report the main reason for using extended hours was reducing existing childcare costs rather than boosting hours.

Whether it is for a cash-strapped state or individuals, formal childcare is expensive. The recent gains in maternal incomes have not come for free. But it is not only demand for paid childcare that may be affected by changes in parents' working patterns – parents rely on informal childcare from relatives and friends too. And the childcare provided by grandparents represents another important intergenerational transfer from older to younger generations.

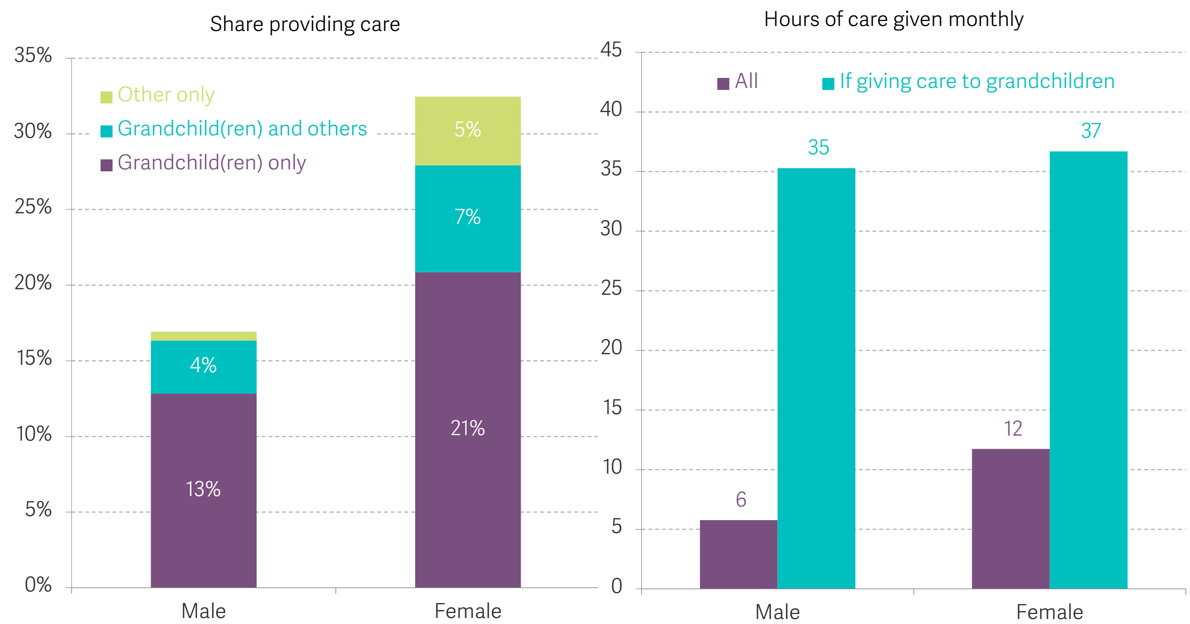
53 Department for Education, Evaluation of the first year of the national rollout of 30 hours free childcare, September 2018 (Evaluation Survey of Parents, 2018).

The intergenerational transfer of childcare from grandparents is regarded as critical in returning to work

Informal childcare, particularly that received from grandparents, plays an important role in supporting today's parents. As shown below in Figure 19, more than a quarter (28 per cent) of grandmothers and one-in-six (16 per cent) of grandfathers are supporting their children as parents, by providing unpaid childcare for their grandchildren. On average, grandmothers are providing 12 hours (and grandfathers 6 hours) of childcare a month. Among those providing childcare to at least one grandchild, the average amount of care is equivalent to around one full-time workday a week (just over 8 hours a week). If this acted as a substitute for one day of nursery per week, this could represent a saving to parents (with a child under two) of over £3,000 per year in 2024.[54]

FIGURE 19: **Many grandparents are helping – and those who do, offer a lot**

Proportion of grandparents providing informal childcare and average hours of care provided monthly by grandparents: UK, 2022-23



NOTES: Care of grandchild(ren) includes all childcare support given to sons, daughters and stepchildren. 'Other only' includes childcare support given to grandchildren, siblings, parents, children's partners and others.
SOURCE: RF analysis of UK Generations and Gender Survey.

In addition to potential childcare cost savings, this intergenerational support offers other tangible economic benefits: childcare support from grandparents can give parents greater flexibility to engage in the labour market. Almost half of mothers of pre-school

54 This is estimated based on reducing full-time annual nursery costs (£15,709) for a child under two in 2024 by one fifth. Day Nurseries, Childcare costs: How much do you pay in the UK?, October 2024. Of course, these hours may be split between their offspring, and so across grandchildren in different households.

children who are in paid work indicated that childcare from relatives helps them to go out to work, a higher proportion than the 31 per cent reporting free formal childcare hours.[55] In part this may reflect the fact that support from relatives is useful for any age pre-school child, whereas the 15 or 30 free hours childcare can only used by parents of three- and four-year-olds. But parents also report using informal care because it provides a 'caring environment' for their children they may not feel is replicated by nurseries or the wider formal childcare sector.[56] Informal childcare is particularly important for parents who need childcare cover for non-standard work or study hours.[57]

Yet despite parents reporting help from relatives being hugely influential to work decisions, the evidence on the impact of this informal care on employment outcomes is more mixed as discussed further in Box 2.

BOX 2: **The possible employment implications of informal childcare support from grandparents**

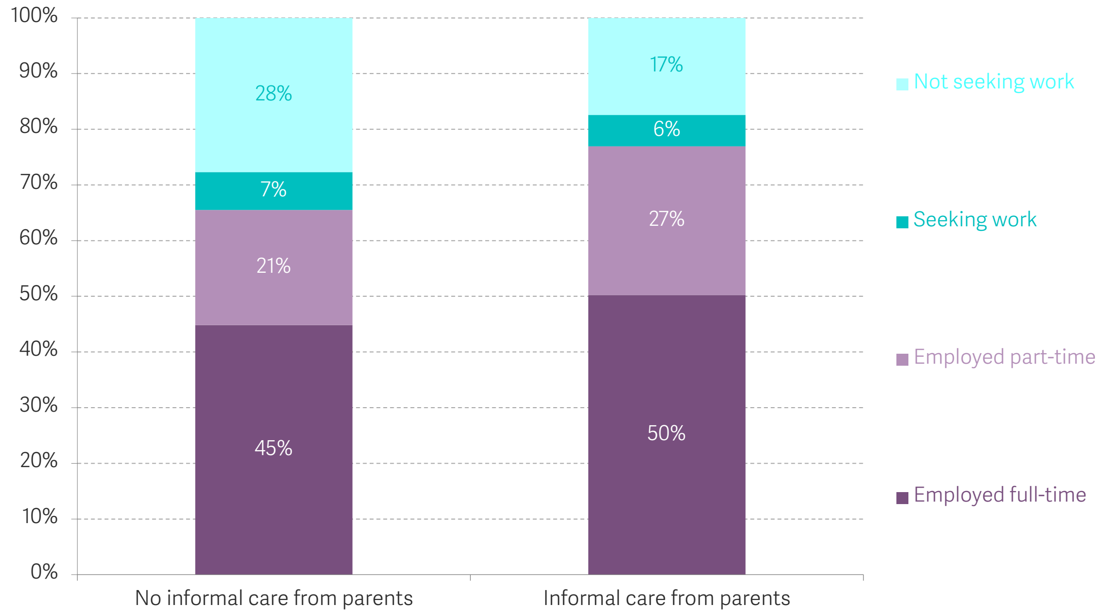
A comparison of parents who do and do not receive help with childcare from their parents indicates that such help is related with labour market outcomes (see Figure 20). Overall, 77 per cent of parents receiving support from their parents were employed (working either full- or part-time), compared to just 66 per cent that did not. However, the share of employed parents working part-time was very slightly larger among those receiving support, accounting for 35 per cent of those employed, compared to 32 per cent of the employed parents not receiving help.

Those getting help when not in paid work were also more likely to be seeking work than their counterparts without grandparental help: almost one-in-four of those receiving help and not currently in paid work were seeking work, against only one-in-five of those that were not receiving help.

55 Department for Education, Childcare and early years survey of parents, 2023.
56 C Bryson et al., The role of informal childcare: understanding the research evidence summary report, Nuffield Foundation, March 2012.
57 L Try, Hard lessons: Childcare support for parents in education, Resolution Foundation, November 2024.

FIGURE 20: **Those receiving support from grandparents are more likely to be employed, but causation could run either way**

Employment status of individuals with a child under five in the household, by whether they receive informal care from their parents: UK



SOURCE: RF analysis of UK Generations and Gender Survey.

When we control for differences in other characteristics between the two groups, the labour market impacts overall are more mixed.[58] There is no statistically significant impact (at the 5 per cent level) of receiving childcare support from grandparents on employment, the probability of working full-time (if employed) or the probability of looking for employment (if not in employment). However, there is some indication that receiving more hours of care is correlated with a lower chance of working part-time. For employed parents receiving 20 hours of grandparental childcare per month, the predicted probability of working part-time is 24 percent. This decreases to 16 percent for those receiving 80 hours of monthly childcare support.

However, the caveats here are important: this exploratory analysis just shows correlations and not causation. Nevertheless, this high-level assessment does not support the idea that help from grandparents is playing a very strong role in boosting hours worked, nor the future employment prospects of parents.

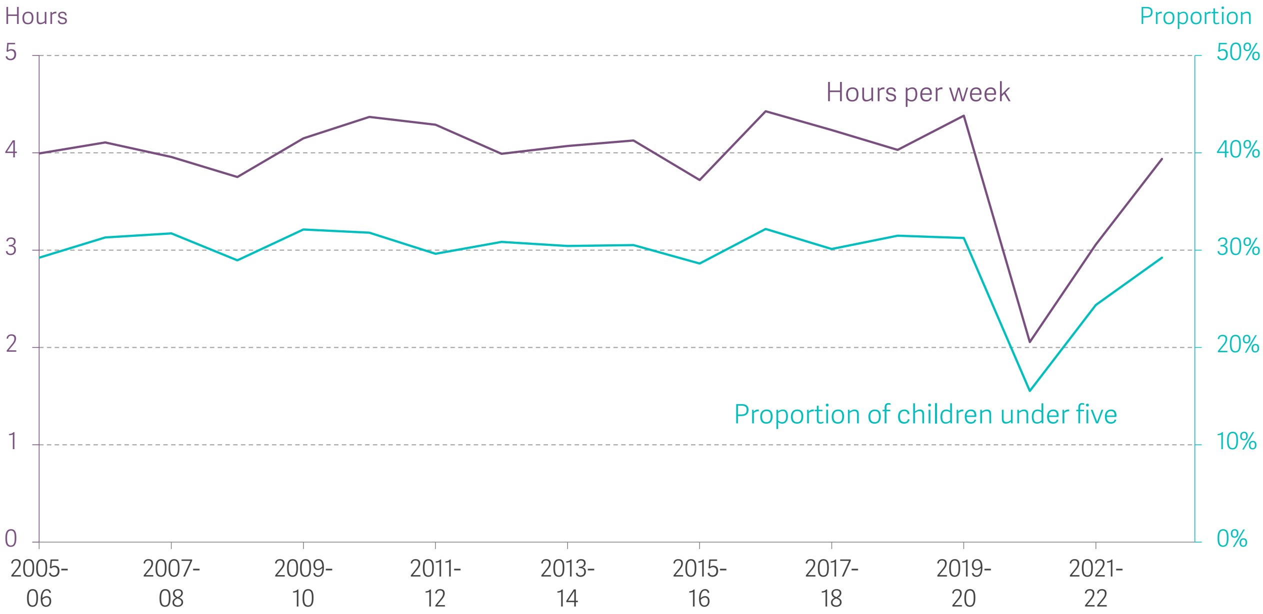
58 Results are based on a logit regression that considers the impact on labour market status (employed, part-time if employed and looking for work if unemployed) receiving childcare from grandparents and the number of hours received, controlling for the parents age, sex, education (graduates vs non-graduates) and income of parents.

Surprisingly, this important childcare support from grandparents has not been growing alongside maternal employment

Despite the substantial shifts in the balance of parenting responsibilities and the working patterns of mothers, particularly post-2008, as discussed above, the amount of childcare received from grandparents has not really changed. Figure 21 shows that neither the proportion of young children receiving childcare, nor the average hours of childcare received, from grandparents has increased since 2005-06.59 The average (mean) hours received per child under five has remained close to four hours a week between 2005-06 and 2022-23, except for a drop in 2020-21 and 2021-22, coinciding with the Covid-19 lockdowns. Similarly, the share receiving childcare from a grandparent has remained relatively close to 30 per cent, again except during the Covid-19 years. Grandparents provided an estimated 766 million hours of childcare to their grandchildren in 2022-23. If this support had replaced nursery care, its value would amount to approximately £3.5 billion.[60]

FIGURE 21: **Childcare support from grandparents is relatively unchanged**

Proportion of children under five receiving childcare from grandparents, and average hours received in a week: UK



NOTES: Average hours represents the mean hours received in each wave, including zeros for those receiving no childcare from grandparents.
SOURCE: RF analysis of DWP, Family Resource Survey.

59 Changes in how questions were asked about childcare mean we can't go back further than 2005-06.
60 In 2022-23, grandparents contributed approximately 287 million hours of childcare for children under 2, 167 million hours for 2-year-olds, and 312 million hours for 3- and 4-year-olds. We estimate the total value of this intergenerational flow by multiplying these hours by the approximate hourly price of childcare for each age group using data from Coram Family and Childcare. For more information see: L Hodges, S Shorto & E Goddard, Childcare Survey 2024, Coram Family and Childcare, 2024.

However, one can easily think of several reasons that might explain why childcare support from grandparents has not grown, despite a rise in maternal employment. Over time it may be that more grandparents have been prevented from offering regular childcare by distance or ill-health or may face financial constraints that have necessitated them working for longer. One explanation is that grandparents are becoming older over time: the median age of becoming a grandparent, rose by four years between 2021-22 and 2011 (from 61 to 65 years old).[61] And this means grandparents are, unfortunately, less likely to be in good health when childcare is needed.[62] On the other hand, we might expect this to mean they are more likely to be retired, potentially giving them more 'available' time for caring responsibilities. However, employment among those in the early 60s (aged 60 to 65), which coincides with the median age of becoming a grandparent, rose from 28 per cent in 2005 to 47 per cent in 2022 among women and from 50 per cent to 57 per cent for men.[63] One factor could be recent changes made to the State Pension age, that has resulted in the State Pension age rising from 60 to 66 for women and 65 to 66 for men.[64]

We have shown in this section that mothers of young children have seen an employment boom over the past three decades, increasing their contribution to the household finances in young families. And this has been supported by attitudinal and behavioral shifts that have seen the latest generation's fathers sharing the load more evenly. But, although grandparents are playing a valuable role, supporting many families with young children, this support hasn't grown over time in line with maternal employment – and so presumably the 'demand' for childcare – has grown. This may be linked to the well-established trends of grandparents becoming older, less healthy and more likely to be employed, all of which would make them less able to provide childcare support.

Instead, the formal childcare sector seems to have filled the gap – and so gains to household income from mothers working more will have been partially offset by higher childcare costs. And so, the increased provision of free childcare has played an important role in supporting mothers' employment and reducing the motherhood penalty. And this help for new mums returning to work can have knock on benefits for wider society, from helping to close the gender pay gap, by reducing the 'motherhood pay penalty', to boosting the national employment rate.

61 Statistics of median age of becoming a grandparent: ONS, Milestones: journeying through modern life, April 2024. Employment rates from ONS, Labour Force Survey.
62 The percentage of people who reported being in bad or very bad health increased with age in England and Wales. ONS, General health by age, sex and deprivation, England and Wales: Census 2021, February 2023.
63 Statistics of median age of becoming a grandparent: ONS, Milestones: journeying through modern life, April 2024. Employment rates from ONS, Labour Force Survey.
64 The State Pension age in the UK is scheduled to increase to 67 between May 2026 and March 2028. For more information see: DWP, State Pension age Review 2023, March 2023.

Section 4

Who cares? Supporting adults

The UK is a rapidly ageing society, with increasing numbers of older adults requiring care due to illness, disability, and the challenges of later life. Public funding for social care has struggled to keep up with this growing demand, resulting in a reliance on both private care and unpaid family support. This chapter delves into the complexities of care provision in the UK, with unpaid care, often spanning multiple generations, the most significant source of support for those in need, raising questions about sustainability and the burden on caregivers.

Rising costs in the private care sector have pushed many families towards informal caregiving. This chapter highlights how the share of working-age individuals providing at least five hours of care per week has risen significantly since the early 1990s, with younger generations now taking on more caregiving responsibilities compared to previous cohorts. The caring responsibilities of other typically disadvantaged caregivers, especially single parents and those in lower-income households, has also intensified.

The economic consequences of caregiving are profound. Intergenerational care provides substantial social value for both recipients and the wider community, and many caregivers find fulfilment in supporting their relatives and making a meaningful contribution. Yet care responsibilities can also restrict the ability to participate fully in the workforce, and this chapter shows the 'care penalty' on employment seems to have been growing. This suggests that policies aimed at supporting carers, from social care funding to employment incentives, will be critical to balancing the needs of an ageing population with Government ambitions to boost the employment rate.

It's not only children, but also many adults who need caring support from others, either temporarily owing to sickness, or more enduringly in the case of disability and old age. Some of this support is provided by the state, through the NHS or local authorities. Some is paid for: for example, most residential care centres are privately-owned and run.[65] But unpaid care – overwhelmingly provided through the extended family, and very often across generations – is probably the single most important part of the mix. Carers UK have estimated that it would take 4 million paid care workers to replace unpaid care provision, worth £162 billion per year.[66]

Interestingly, from the point of view of this audit, this is one form of intergenerational support which we more typically see flowing in the other direction to the others we are considering – from adult children to their parents.

The UK is an ageing society, where formal care is costly and the public funds to support it are badly stretched

In the UK, as in many developed countries, the population is ageing. The share of the population aged over 65 has increased from one-in-seven (14 per cent) to one-in-five (19 per cent) between 1975 and 2022.[67] This shift towards an older demographic has meant a significant proportion of individuals are entering later stages of life where they may face additional health challenges and mobility limitations. Older adults are more likely to require assistance with daily tasks, medical care, and other long-term support.

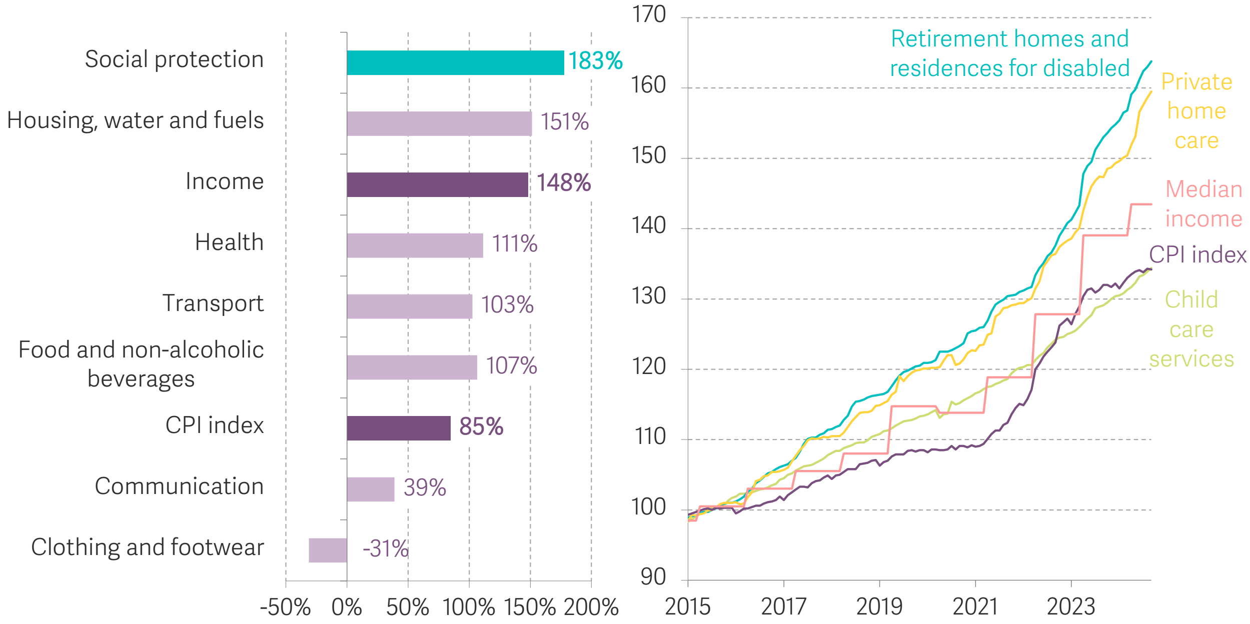
Yet public funding for social care is not keeping pace with this increasing demand. The age-adjusted spending-per-person on adult social care by local authorities was 7 per cent below its 2009-10 level in 2022-23, with spending on the pensioner population cut to an even greater extent over the period.[68] And with cash squeezed, relatively fewer older people are accessing care: the proportion of over-65s accessing long-term support fell by 20 per cent between 2014-15 and 2022-23 (a larger drop than the 11 per cent fall across the population as a whole).[69]

The obvious alternative to public provision is turning to the private formal care sector, including both residential care homes and in-home professional care. This remains an important, but increasingly expensive, resource for an ageing population. The nominal price of social protection (covering both adult care and childcare services) has nearly tripled in this century – rising by 183 per cent between December 1999 and September 2024, significantly outstripping average price inflation of 85 per cent over the same period, and median income growth of 148 per cent. In particular, we can see that, since 2015 (when disaggregated data becomes available), it has been adult care prices, rather than childcare, that have been growing especially fast: the price of residential care is up more than 60 per cent over this shorter period in nominal terms (almost double the average price increase), representing a real-terms increase of almost 30 per cent.

65 G Dalley, Caring in Crisis: The Search for Reasons and Post-Pandemic Remedies, Palgrave Macmillan, 2022.
66 M Petrillo & M Bennett, Valuing Carers 2021, Carers UK, November 2021.
67 Source: RF analysis of ONS, mid-year population estimates.
68 A Bancalari & B Zaranko, IFS Green Budget 2024: Adult social care in England: what next?, IFS, October 2024.
69 S Hoddinott et al, Performance Tracker 2023: Adult social care ,Institute for Government, October 2023.

FIGURE 22: **Care costs have outstripped inflation – and incomes**

Change in prices between December 1999 and July 2024 (left panel) and price index (right panel) (2015 = 100): UK



NOTES: Disaggregated data by care type only available from 2015.
SOURCE: RF analysis of ONS, Consumer price inflation time series (September 2024) and DWP, Family Resource Survey.

These steep rises have made it difficult for individuals and families to afford private care. In the last decade, the share of the over-65 population in residential care has declined. Between 2011 and 2021, the number of care home residents aged 65 years and over fell by 4 per cent, despite the ageing population. And this meant the proportion of the older population in residential care homes fell from 3.2 per cent in 2011 to 2.5 per cent in 2021.[70]

All this suggests many are likely left with little option but to rely on informal caregiving arrangements, often from relatives, which we now consider in detail.

The flow of care between generations is large and rising

With more elderly people, restricted public support and rising private costs, it is no surprise to find that this important flow of intergenerational support has been growing.[71] Back in 1991, just 6 per cent of individuals were providing at least five hours of care a week for the sick, disabled or elderly; by 2021-22 that had risen to 9 per cent (see Figure 23). This covers primarily care for other adults, but also includes the care provided to sick or disabled dependent children that goes above and beyond standard childcare requirements (discussed in the previous section).

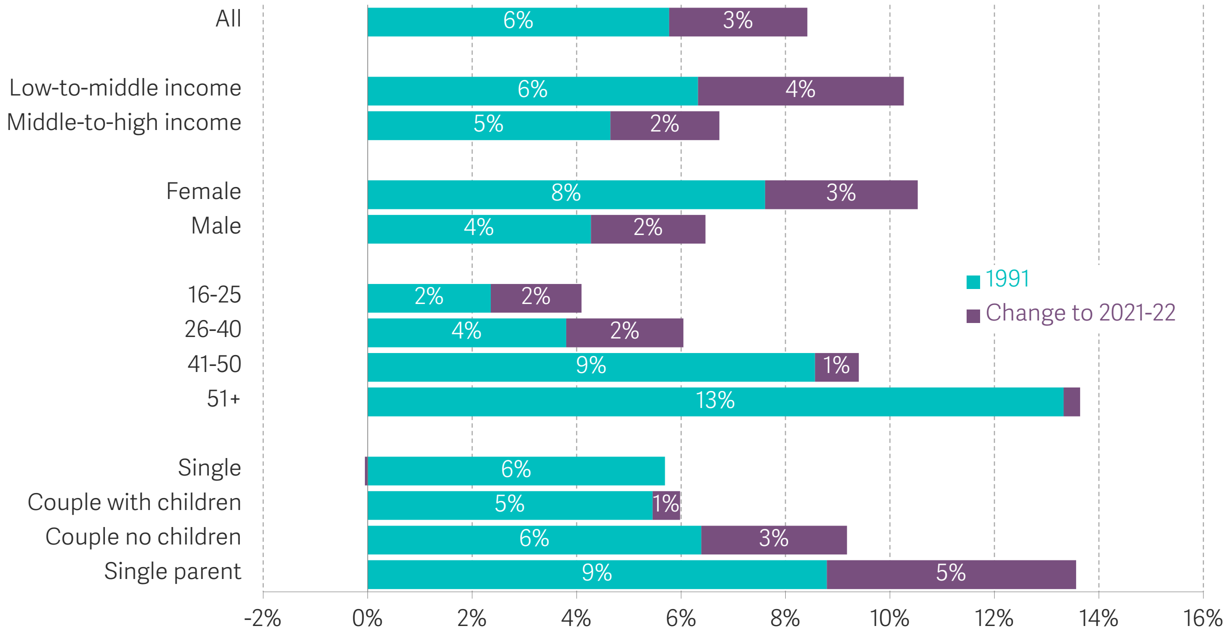
70 ONS, Older people living in care homes in 2021 and changes since 2011, October 2023.
71 M. Evandrou et al., Trends in informal caregiving in Great Britain from 1985-2020, Centre for Population Change and Connecting Generations, University of Southampton, November 2024.

As we have already emphasised, this intergenerational support mainly flows up the age range, from children to their parents. Around seven-in-ten of the working-age adults providing at least five hours care a week to those outside their household provided care to a parent or parent-in-law.[72] And almost a fifth of those providing care for people they live with are caring for parents within their household.

Figure 23 shows the prevalence of carers within some groups has grown by more than others, with care responsibilities among relatively more disadvantaged groups growing faster, including those on lower incomes and (especially) single parent households (discussed more in Box 3).[73] There are also clear differences by gender.[74]

FIGURE 23: **Provision of care is rising, particularly for the young, lower-income people and single parents**

Proportion of working-age individuals caring for the sick, disabled or elderly for at least 5 hours per week: UK



NOTES: Includes adults aged between 16 and State Pension age only. Income is equivalised after housing costs; there is a structural break between 2008 and 2009-2010 when the data source changes from BHPS to USoc and the income/housing cost variables change. Caring includes care for someone in or outside individual's own household.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

Figure 23 shows that, while a higher proportion of older adults (i.e. those aged 40 or over and especially over 50) continue to provide care, the big increase over recent decades has been among younger groups. The proportion of those aged between 16 and 25

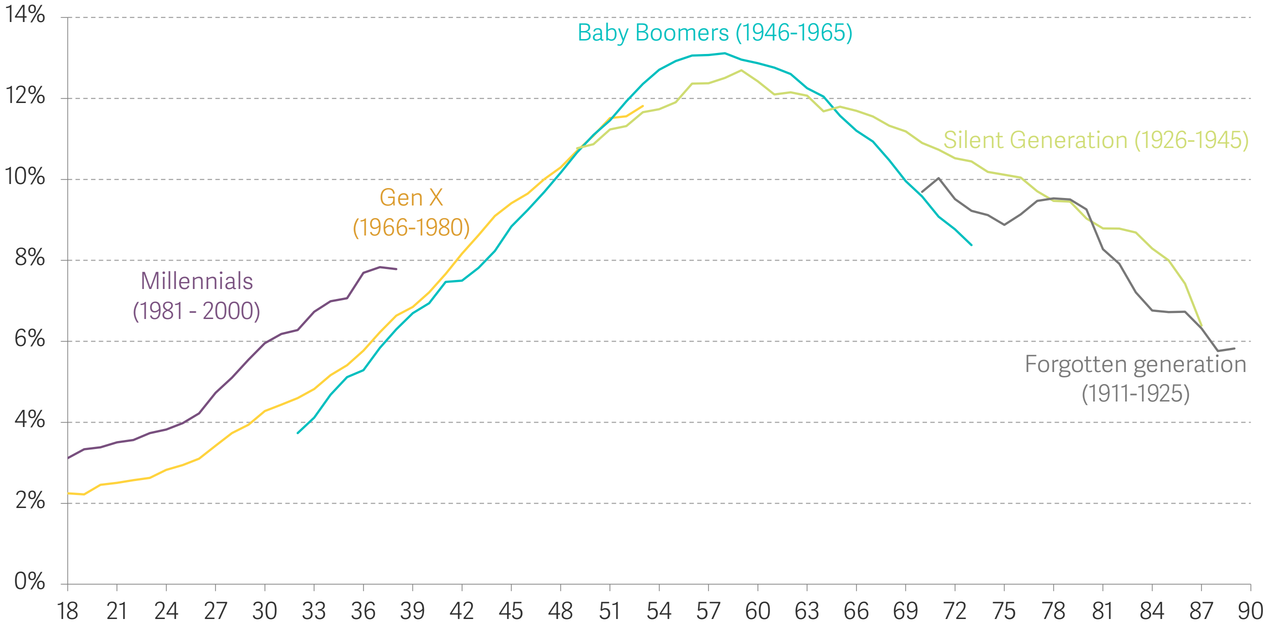
72 Understanding Society adults aged 16 to the State Pension age.
73 M Brewer et al., Unsung Britain: The changing economic circumstances of the poorer half of Britain, Resolution Foundation, November 2024.
74 M. Evandrou et al., Social care provision in Great Britain: Exploring gender, cohort, and life stage differences, Centre for Population Change and Connecting Generations, University of Southampton, October 2024.

providing at least five hours of care almost doubled (increasing by 2 percentage points) while the proportion of those aged 26 to 40 increased by 60 per cent (or 2 percentage points), a greater absolute and relative increase than seen among older adults.

These patterns translate into a generational shift in caring, as shown in Figure 24. At 30 to 34 years old, almost twice the proportion of millennials (6 per cent) were providing at least five hours of care per week as the baby boomers (4 per cent) did at the same age. Millennials in early adulthood are around 30 per cent more likely to provide at least five hours of care to the sick, disabled or elderly than previous generations were at the same age (even after controlling for changes in ethnicity, income and household type).

FIGURE 24: **Millennials are caring more than previous cohorts did when they were young**

Proportion of adults who are caring for the sick, disabled or elderly for at least 5 hours per week, by age and generation: UK, 1991 – 2021-22



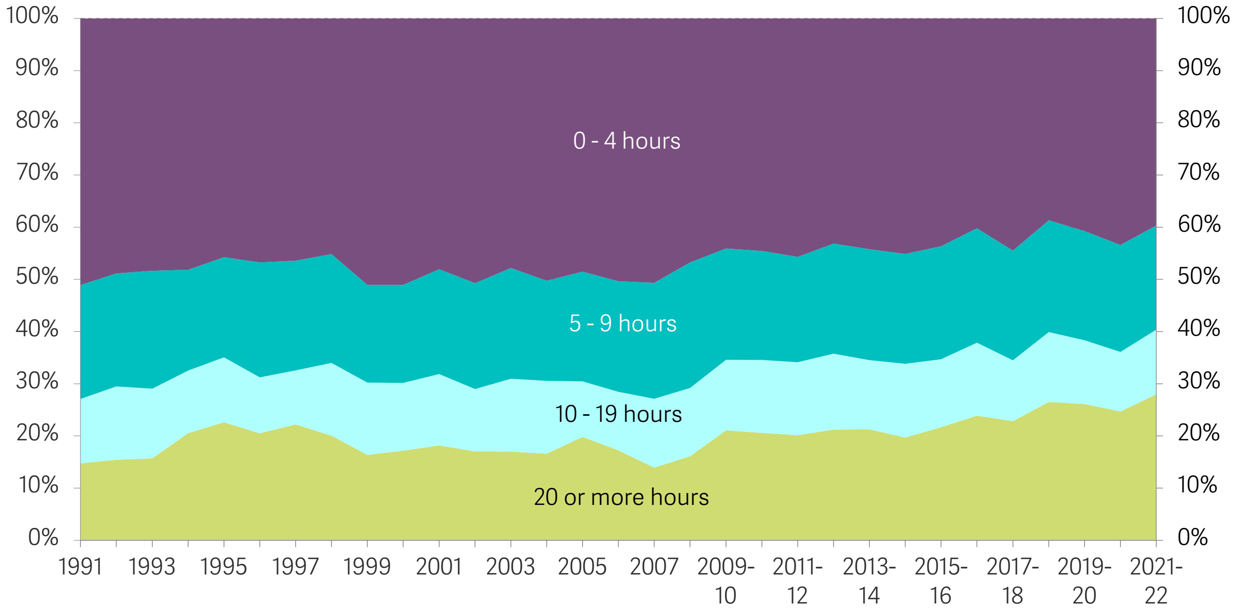
NOTES: Includes data only where there is at least 20 carers for a given generation-age combination. Charts shows five-year rolling averages for each age group.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

Not only has the number of people providing care increased, but so too has the number of hours many of them dedicate to it. The share of carers providing more than 20 hours a week has almost doubled from 15 per cent to 28 per cent between 1991 and 2021-22, as shown by Figure 25. This means that 4 per cent of the working-age adult population were providing at least 20 hours of care a week in 2021-22.

One reason for this intensification might be that more adults are now caring for someone they live with – the proportion of all adults doing so has risen from 4 per cent of working-age adults in 1991 to 7 per cent in 2021-22. Care provided within the household often demands more time: while those caring for someone within the household make up half of all carers, they account for more than four-fifths of those providing care of at least 20 hours a week.

FIGURE 25: **The typical hours of care provided has increased**

Hours of care per week provided by working-age individuals caring for the sick, disabled or elderly: UK



NOTES: Includes adults aged between 16 and State Pension age only. Caring can be for someone in or outside own household.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

BOX 3: **Caring responsibilities of single parent households**

As shown in Figure 23 above, adults in single parent households have seen a particularly sharp increase in their caring responsibilities.[75] The share of adults in single parent households caring for the sick, disabled or elderly for at least five hours a week has increased from 9 per cent in 1991 to 15 per cent in 2021-22. This cannot be explained simply by changes to the demographics of this group over time.[76]

75 Single parent households are defined at the household level. This means the share of adults in single parent households is not always equivalent to the share of single parents: for example, some adult children may be caring for their single parents with a disability or sickness.

76 A regression controlling for age, gender, employment and income suggests that single parents have become more likely to be carers over time.

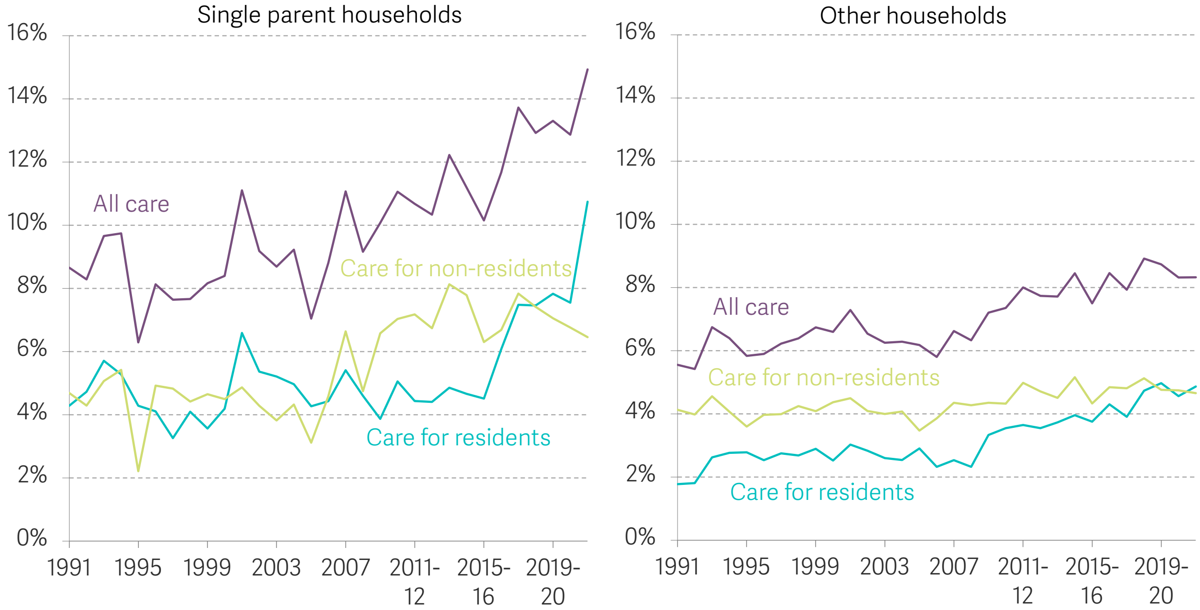
What does seem to have been important, at least most recently, is growth in the (typically time-heavy) requirement for lone parents to provide care for others in their own home. Figure 26 below shows that the particularly sharp (5 percentage points) rise in single parent carers since 2015-16 was driven by a corresponding rise specifically in care for co-residents. Other demographic groups have not seen anything like the same surge in intra-household caring as single parents.

These trends leave those living in single parent households doing a lot of caring. The proportion of adults in single parent households providing at least 35 hours of care a week, equivalent to a full-time job, has tripled from 3 per cent to 9 per cent over this same period (since 2015-16). The data suggests that this rise in caring responsibilities towards co-residents has been driven by a particularly sharp rise in care required by both adult and dependent children within the household, who are sick or disabled. Single parent families are more likely to have disabled children in the household than other family types (for example, in 2022-23, 16 per cent of children aged 0 to 15 in single parent households were disabled, compared to 8 per cent in two parent families).[77] And the rising care responsibilities of these single parents may also correspond to a shift in where disabled adult children are living between home and residential care: for example, there was a slight fall in the number of adults with learning disabilities (aged 18 to 64) in residential care from 25,075 in 2014-15 to 23,420 in 2017-18.[78]

77 RF analysis of DWP, Family Resource Survey.
78 Public Health England, People with learning disabilities in England: Chapter 5 adult social care, January 2020.

FIGURE 26: **Care for co-residents has been driving the rise in care responsibilities in single parent households**

Proportion of adults in single parent households providing care for at least five hours, for residents and for non-residents: UK



NOTES: Includes adults aged between 16 and State Pension age only.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

Over a longer timeframe, the caring duties of single parents for people outside their own household have also been on the rise. Since 1991, the proportion of individuals from a single parent household providing care to their parents living outside their household has risen from 2 per cent to 6 per cent. That growth outstrips the 1 percentage point increase observed in whole population. The upward transfer of care continues to play an increasingly important role in the lives of single parents today. Lone parents are more likely than couples with dependent children to find themselves 'sandwiched', especially when intensive caregiving is required.[79] Always stretched thin, they appear to have been facing greater demands over time.

Unpaid care affects the employment prospects of the carer

Intergenerational care for adult family members represents a huge flow of social value towards those receiving care, and the wider community. Many carers, too, value the chance to be close to relatives and do something useful. But these responsibilities also bring exhausting demands, significant restrictions on personal freedom, and an opportunity cost in terms of time, all of which impact on opportunities to carry out paid work.

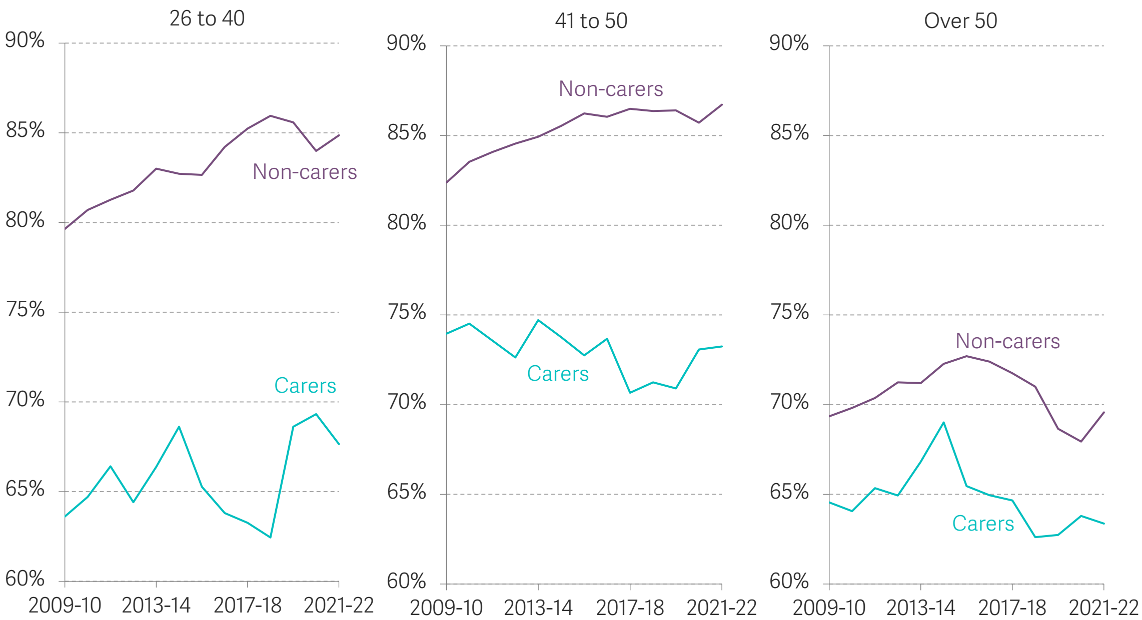
79 J. Falkingham et al., Lone Parents: The invisible 'Sandwich Generation', Centre for Population Change and Connecting Generations Policy Briefing 79, University of Southampton October 2024.

These responsibilities and their consequences are unevenly distributed across society, often exacerbating existing inequalities, for example, in terms of gender and income. Some of the pre-existing divides are growing, like the gap in caring responsibilities between lower- and higher-income households that we showed earlier in Figure 23. Others are shrinking: for example, those between younger and older care-givers. It is also important to explore the impact of all these trends on the labour market.

Between 2010 and 2019, there was an employment boom in the UK: the annual employment rate for those aged 16 to 64 rose from 70.4 per cent to 75.8 per cent.[80] Figure 27 shows that non-carers of all ages benefited (at least pre-Covid-19), but carers consistently missed out. This resulted in the employment gaps between carers and non-carers growing, particularly among those aged under 50. This employment gap may not come as a surprise, but it is stark and, worryingly, has been tending to get worse.

FIGURE 27: **Carers of all ages missed the 2010s employment boom**

Proportion of working-age individuals in employment by age group, by whether providing any care: UK



NOTES: Includes adults aged between 16 and State Pension age only. Caring can be for someone in or outside own household.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

The care penalty can also be examined more dynamically, shifting the focus from the likelihood of being in work to the chance of securing a job, holding on to a job and understanding the impact of changing caring responsibilities.[81] Figure 28 shows that both new carers and carers who have increased their caring hours have a higher probability of leaving employment in a given period: the average working-age person is 37 per cent more likely to leave employment in the period they become a carer. Similarly, individuals

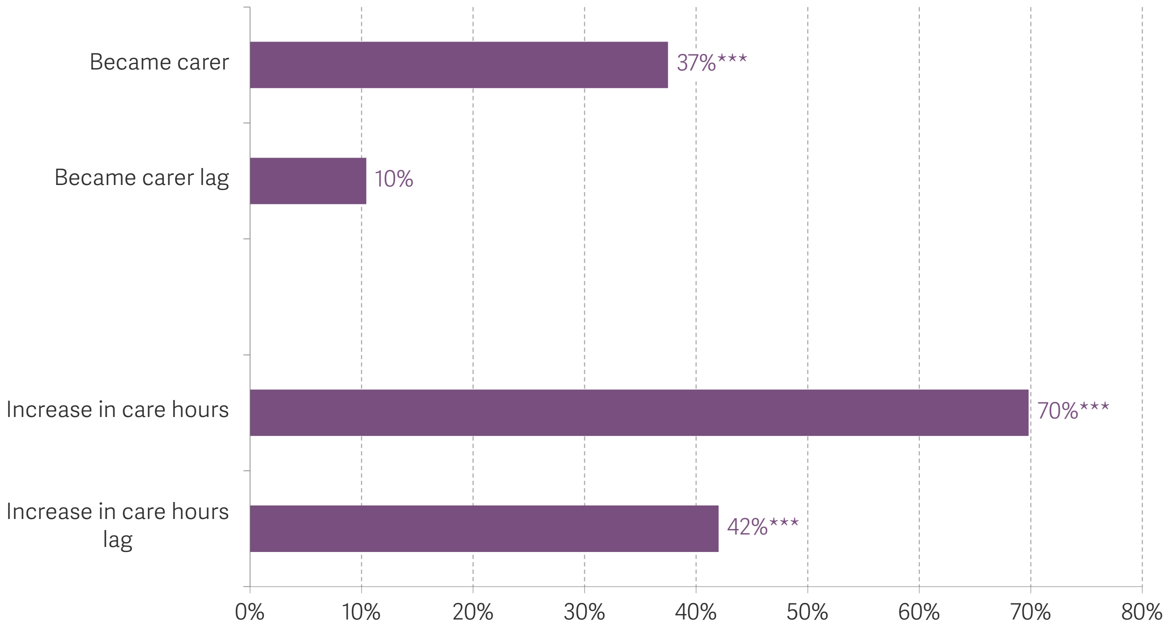
80 ONS, Employment rate.
81 M Gomez-Leon et al., The dynamics of social care and employment in mid-life, September 2017.

who have experienced an intensification of existing caring responsibilities are also more likely to leave employment (70 per cent more likely than carers who have not).

On the other hand, while there seems to be a clear link between changes in care status and employment outcomes, it is harder to tell which way the causal relationship runs; in particular, do these associations show that care responsibilities make it harder to maintain employment? Or that leaving employment frees up time for an individual to take on new caring responsibilities? To explore this, Figure 28 also shows the impact of a change in caring status or hours in the previous period on the likelihood of leaving employment in the current period. Although becoming a carer in the previous period has no statistically significant impact on a person's decision to leave employment in the next period, a past intensification of hours does. This provides some evidence that intensification of caring is contributing to a person's labour market decisions.

FIGURE 28: **New carers and those increasing care hours are more likely to leave the labour market than those without such responsibilities**

Estimated increase in the probability of leaving employment, by carer status and gender: UK, 2009-10 to 2021-22



NOTES: Includes adults aged between 16 and State Pension age only. Caring can be for someone in or outside own household. Increase in care hours is recorded when a carer moves up a care hours band (for example from 0-4 hours to 5-9 hours) in the most recent period but excludes those that became carers in a given period. Labels: * significant at the 10% level, ** at the 5% level and *** at the 1% level.
SOURCE: RF analysis of ISER, Understanding Society.

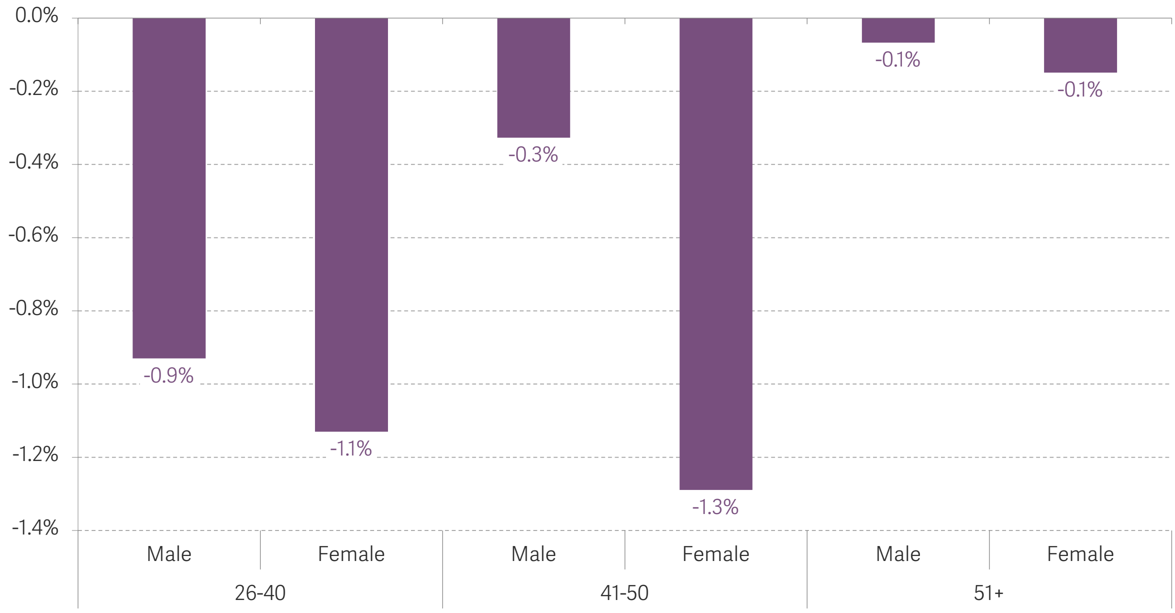
The intensification of care responsibilities is likely lowering the employment rate – increasingly so for younger adults

It is clear that care giving responsibilities have increased, with both the share of working-age adults providing care and the number of hours dedicated to care giving rising since the 1990s. As a thought experiment, Figure 29 explores the potential impact this intensification of care giving could be having on employment outcomes.

We do this by holding fixed the relationship between bands of care-giving hours and employment (for example: women aged between 26 and 40 who provided no care have an employment rate of 73 per cent, while those providing more than 100 hours per week have an employment rate of 29 per cent) and consider by how much employment would change just from the fact that people are providing more care now than in the early 1990s. Figure 29 reveals the impact: it suggests that the intensification of care over the last three decades has acted as a headwind to younger adults and mid-career women's employment. For example, the intensification of care requirements is estimated to be acting to push down the employment rate of women aged between 26 and 50 by more than 1 percentage point.

FIGURE 29: **The intensification of care has acted as a headwind to younger generations' employment**

Estimated change in employment rate related to the intensification of unpaid care between 1991-93 and 2019-20 – 2021-22, by age group and sex: UK



NOTES: : Includes adults aged between 16 and State Pension age only. Applies the average employment rate by age, sex and intensity of care to the change in the shares of groups care intensity.
SOURCE: RF analysis of ISER, British Household Panel Survey; ISER, Understanding Society.

Once again, this shows that intergenerational support has an important link with labour market outcomes. This reminds us that if the Government wants to successfully achieve its goal of increasing employment to 80 percent, then it must carefully account for the impact of unpaid care responsibilities. Issues like social care funding, and other decisions that directly affect the people who do the caring – such as support for respite care, the design of means-tested benefits and the earnings rules in Carer's Allowance – all need to feature in any future employment strategy.[82] These issues are crucial because care is often an enduring obligation. In fact, four in ten older people who received long-term care did so for between two to eight years, highlighting that increasing reliance on informal family caregiving is often not sustainable.[83]

82 The Autumn 2024 Budget, which raised the earnings threshold for Carer's Allowance, showed some early signs the Government is ready to grapple with these trade-offs: C Aref-Adib et al., More, more, more: Putting the Autumn Budget 2024 decisions on tax, spending and borrowing into context, October 2024.

83 D Teggi, Care homes as hospices for the prevalent form of dying: An analysis of long-term care provision towards the end of life in England, Centre for Death and Society, Department of Social and Policy Sciences, June 2020.

Section 5

Passing it on: the growth of inheritances

The number and value of inheritances have grown in Britain, with most – especially the largest – coming from parents. The effect of inheritances on inequality is well-documented: those fortunate enough to have wealthy, home-owning parents can expect substantial windfalls, and these are disproportionately concentrated among those who would be well-off even without them. In contrast, those with less affluent, non-homeowning parents may inherit very little. This trend has serious implications for social mobility, opportunity, and inequality in a society where wealth is increasingly shaping life outcomes.

Less well-documented, however, is the potential impact of growing inheritances on the labour market. Since inheritances typically arrive later in life – peaking among recipients who are in their 50s and 60s – they often useful in paying off a mortgage or facilitating early retirement. Non-retired people aged over 50 that inherit £50,000 or more are 4 percentage points more likely to retire early than those that did not receive an inheritance. As more people stand to receive sizable inheritances, this trend could pose a potential headwind for the labour market.

Current evidence suggests that larger inheritances will likely continue in the coming decades, but their growth ultimately depends on future social care needs and associated long-term costs. In England, an estimated 75 per cent of adults aged over 65 will face care expenses during their lifetime, with one-in-seven incurring costs over £100,000. Despite the potential magnitude of these expenses, only 22 per cent of those aged 50 and above report having taken steps to prepare for their long-term care needs. Though this might appear to indicate a lack of preparation, it actually reflects that most people intend to rely on existing assets to cover care and support costs in later life. This, alongside increasing pressure on public services and reduced access to care, could mean more people will need to rely on family members for support. For younger generations in particular, strained public services and a reliance on existing savings and assets could result in both smaller inheritances and heavier caregiving responsibilities in the future.

More and bigger bequests

Inheritances have become an increasingly prominent aspect of household wealth and family finances. The number of people receiving inheritances within a two-year period has increased by 24 per cent over the past decade: in 2018-20, 2.1 million adults in Britain – equivalent to 4.2 per cent of adults – reported receiving an inheritance within the previous two years, up from 1.7 million (3.8 per cent) in 2008-10.

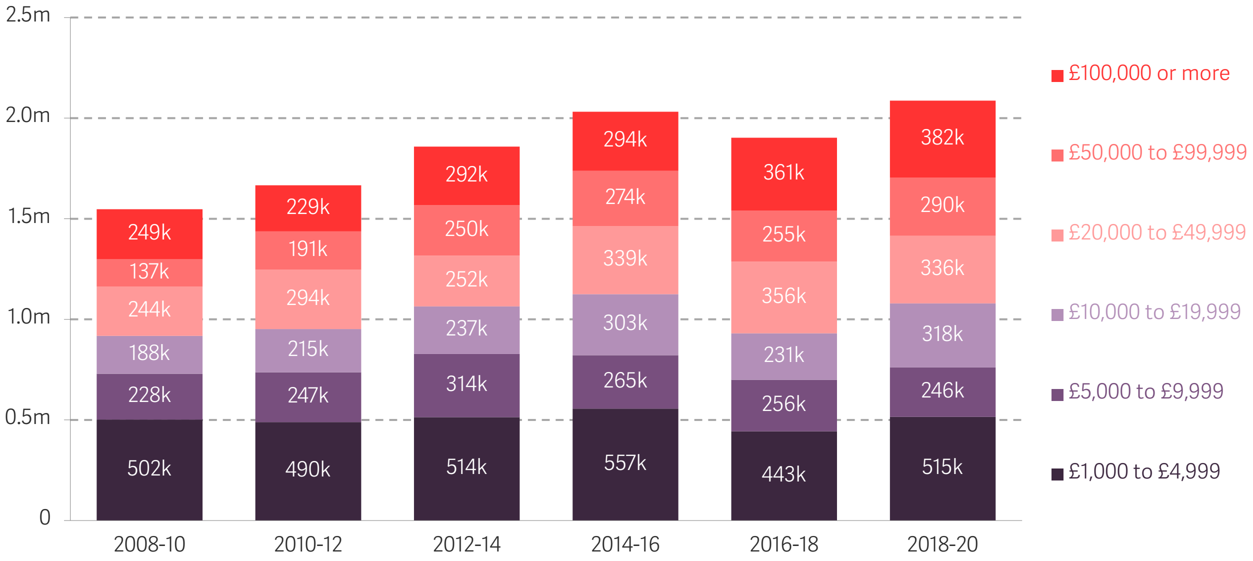
Figure 30 shows that that value as well as the number of inheritances have grown substantially over this period. For instance, the number of people receiving inheritances of £100,000 or more has increased by 53 per cent – from 250,000 in 2008-10 to 380,000 in 2018-20. Consequently, the total value of bequests has more than doubled, from £83 billion in 2008-10 to £189 billion in 2018-20.[84]

One factor behind the rise in the number of reported inheritances is an increase in the number of deaths, which grew from 1.1 million in 2008-10 to 1.2 million in 2018-20.[85] However, the more significant driver – especially in pushing up their value – is the rising value of wealth relative to the economy. For example, the value of household wealth in Britain grew from around three-times GDP in the mid-1980s – a level that had been typical since the second world war– to nearly seven-times GDP on the eve of the Covid-19 pandemic. Although higher interest rates following the cost of living crisis have subsequently brought down asset prices somewhat[86], it is still the case that people in their late 60s in 2023 were significantly wealthier (by £115,000) than a person who was the same age in 2006-08.[87] And it is these older households, who have accumulated substantial wealth as asset prices soared over the preceding decades, who are set to pass on more of this wealth to younger generations. For example, between May 2012 and June 2013, 56 per cent of people aged 50 and above expected that they (and their partner where applicable) would leave an inheritance of £150,000 or more, but when this survey was repeated between October 2021 and March 2023, the share had increased to 64 per cent.[88] As such, the bigger bequests of recent decades look like they are becoming an enduring feature of our society.

84 Data are in 2018-20 prices.
85 HM Revenue & Customs, Inheritance Tax liabilities statistics, July 2024.
86 M Broome, I Mulheirn & S Pittaway, Peaked interest?: What higher interest rates mean for the size and distribution of Britain's household wealth, Resolution Foundation, July 2023.
87 M Broome et al., An intergenerational audit for the UK: 2023, Resolution Foundation, November 2023.
88 This proportion is based on those that reported that they had more than a 50 per cent chance of leaving an inheritance of £100,000 or more. NatCen Social Research, University College London & Institute for Fiscal Studies, English Longitudinal Study of Ageing, 2023.

FIGURE 30: **The number of large inheritances has grown over the past decade**

Number of adults that received an inheritance of £1,000 or more, by value: GB



NOTES: Value of inheritances have been adjusted to 2018-20 prices using CPIH. Adults are defined as non-dependent children.
SOURCE: RF analysis of ONS, Wealth and Assets Survey; ONS, CPIH index.

Half of all inheritances (and most big ones) come from parents

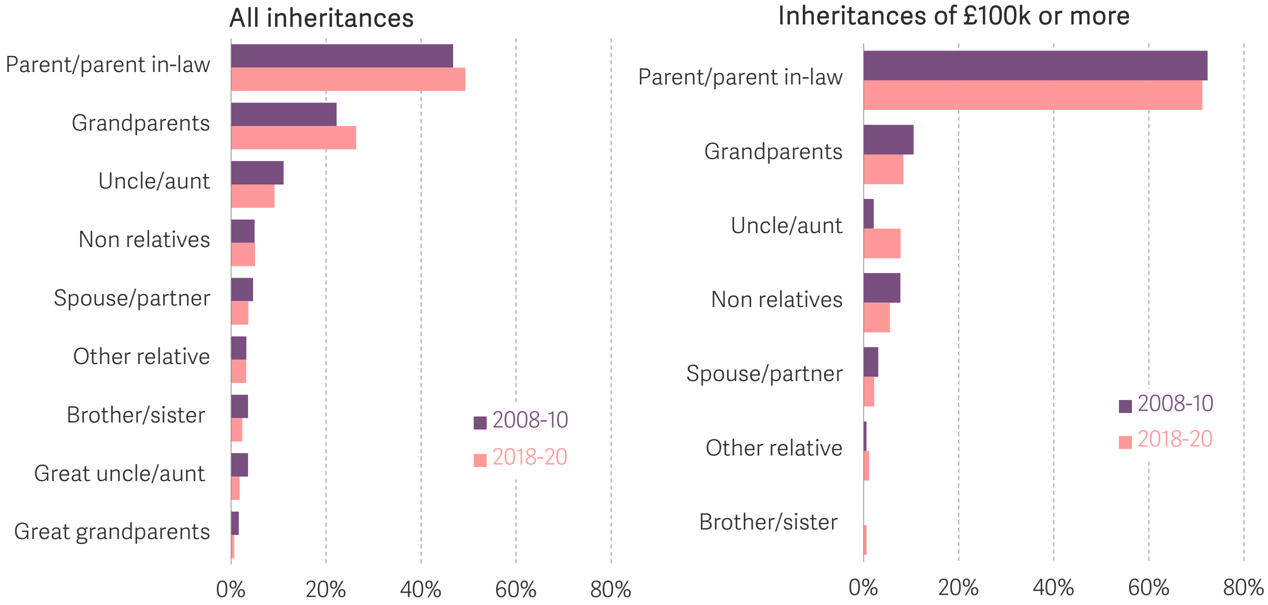
In 2018-20, around half (49 per cent) of inheritances were from parents, up slightly from 47 per cent in 2008-10). But when looking at larger inheritances – those worth £100,000 or more – the influence of parents is even more pronounced, accounting for over 70 per cent, as Figure 31 shows.

Interestingly, the share of inheritances from grandparents has also grown over the past decade, accounting for more than a quarter (26 per cent) in 2018-20, up from 22 per cent in 2008-10. So, more inheritances are skipping a generation. Another sign of wealth trickling down across multiple generations is found in the strong link between receiving an inheritance and subsequently giving the sort of financial gifts considered in Section 2. In 2018-20, people aged 50 or above who had received an inheritance within the previous two years were 13 percentage points more likely to have given a financial gift compared to those that did not receive an inheritance.[89] This dynamic means that parents may receive wealth from their own parents and pass it directly to their children, creating an indirect flow of funds from grandparents to grandchildren.

89 We use a logit regression model to determine whether receiving an inheritance is associated with giving a financial gift, after controlling for other factors including housing tenure, age, income, and wealth. The predicted probabilities of someone over 50 giving a financial gift were 15 per cent for those that did not receive an inheritance and 28 per cent for those that did receive an inheritance, evaluated at the average values of all the factors that have been controlled for. This difference is statistically significant at the 95 per cent confidence level.

FIGURE 31: **Half of inheritances come from parents – and most of the big ones**

Who inheritance was from (right panel) and who large inheritance of £100,000 or more was from: GB, 2008-10 and 2018-20



NOTES: Data for non-dependent children only.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Wealthy homeowners are more likely to anticipate leaving an inheritance – and a sizable one at that

Eight-in-ten (80 per cent) adults aged 50 and above expect to leave an inheritance. However, there are notable differences across various characteristics. Figure 32 explores these, comparing different groups to the average. The dashed lines represent the raw gap, while the solid bars isolate the impact of each demographic factor after controlling for other characteristics such as education, wealth holdings, and income.

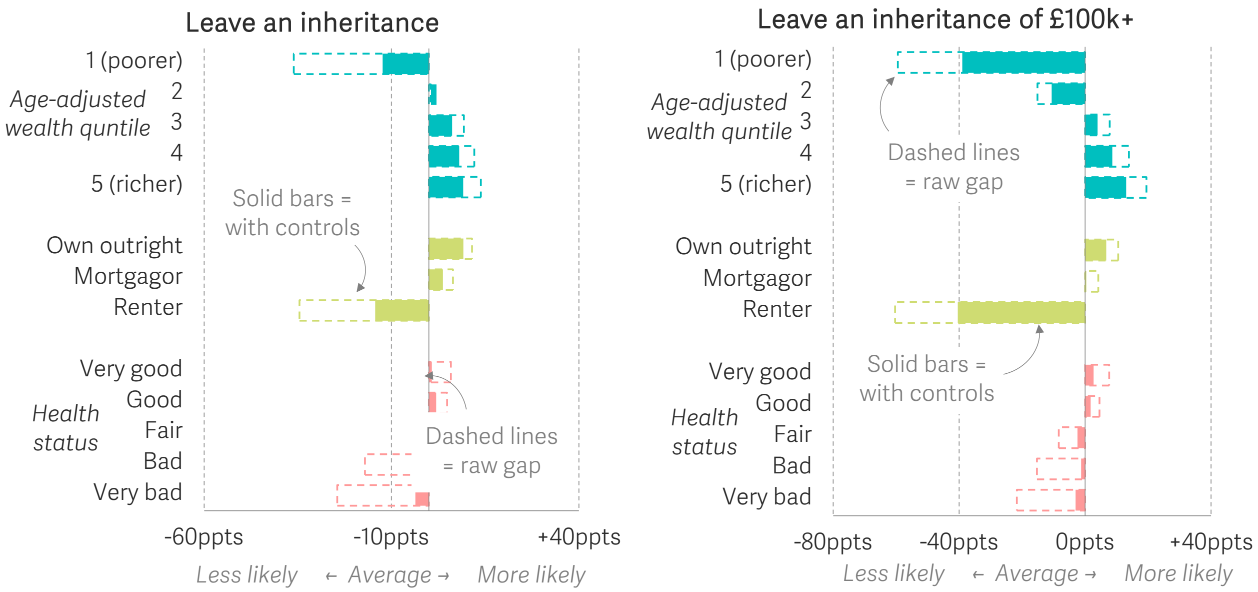
Unsurprisingly, wealthier individuals are more likely to anticipate leaving an inheritance – and a substantial one at that. Less than half (44 per cent) of people in the bottom wealth quintile anticipate leaving an inheritance, compared to nearly nine in ten (89 per cent) in the middle quintile. Among adults aged 50 and over in the top wealth quintile, nearly all (94 per cent) expect to pass on some wealth. These differences persist even after controlling for other factors. For example, those in the lowest wealth quintile are 14 percentage points less likely than average to leave an inheritance and are 39 percentage points less likely to leave an inheritance of £100,000 or more.

Homeownership is closely linked to wealth, with homeowners generally possessing more property assets than renters. Figure 32 highlights that (unsurprisingly) homeowners are far more likely to expect to leave an inheritance than renters. Over nine in ten (92 per cent) of those who own their homes outright anticipate passing on an inheritance, compared to less than half (45 per cent) of renters. This disparity is largely because among those planning to leave an inheritance, more than eight-in-ten (81 per cent) expect to pass on property assets. The gap is even wider for large inheritances: renters are 40 percentage points less likely than average to expect to leave £100,000 or more, while outright homeowners are 7 percentage points more likely.

Later in this section we look at how future generations might find that care costs eat further into bequests than people are expecting. People's expectations of leaving inheritance don't seem to show this impact. Healthier individuals are more likely to expect to leave an inheritance than individuals reporting poor health, but this difference falls away almost entirely when controlling for factors such as education, wealth holdings and income, suggesting that health-related disparities are largely explained by these other characteristics.

FIGURE 32: **Home-owners are more likely to leave a large inheritance**

Gap with the average proportion of adults aged 50 and above expecting to leave an inheritance (left panel) and a large inheritance (right panel), before and after controlling for other factors, by selected characteristics: GB, 2018-2020



NOTES: Wealth quintiles are age-specific wealth quintiles based on five-year age cohorts. Other factors controlled for include age, income and education status.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Figure 32 underscores a widening gap in anticipated inheritances: those fortunate to have wealthy, home-owning parents can expect substantial inheritances, while those with less affluent, non-homeowning parents may inherit very little. A similar pattern emerges with financial gifts (as discussed in Section 2), creating a double advantage for individuals with wealthier parents. This trend has serious implications for social mobility, opportunity, and inequality in a society where wealth increasingly shapes life outcomes.

The effect of inheritances on inequality has been well-documented – inheritances are disproportionately concentrated on those who would be well-off even without them. Research from the Institute for Fiscal Studies, for example, shows that households in the top fifth of the lifetime income distribution will inherit nearly twice as much as those in the bottom fifth. For example, data for 2018-20 suggest that for those born in the 1980s, households in the lowest lifetime income quintile are expected to inherit around £200,000, while those in the highest quintile will inherit more than £410,000.[90]

And the dis-equalising effect on living standards looks set to become even more important because inheritances are projected to increase over time. That same research predicts that, among households in the middle quintile of lifetime earnings born in the 1960s, average inheritances are expected to be about £150,000; for those born in the 1980s, this figure rises to just under £300,000.[91] With inheritances forming a larger portion of lifetime income, disparities based on parental wealth are likely to deepen, making family background an even stronger determinant of life outcomes.

Large inheritances could encourage early retirement

Inheritances can significantly shape people's lives and the opportunities they can access, yet the timing of these inheritances is crucial. The age distribution of those receiving an inheritance is quite different from those receiving a financial gift (as discussed in Section 2). Most gifts are received by those in their 20s and 30s, but inheritances become more common as people age. Figure 33 shows that receipts peak for those in their 50s and 60s: in 2018-20 464,000 people in their 50s and 401,000 people in their 60s reported receiving an inheritance within the last two years – representing 5 and 6 per cent of those in their 50s and 60s, respectively. This is consistent with previous research showing that the most common age that a 'millennial' will receive a parental inheritance is 61.[92]

It is also evident that inheritances also tend to be much larger than financial gifts. Across all age groups, only 2 per cent of gifts were valued at £100,000 or more in 2018-20, compared to 18 per cent of inheritances. Additionally, inheritances received later in life tend to be higher in value: over a quarter (27 per cent) of those receiving an inheritance

90 Similarly, a household born in the 1970s in the top fifth of the within-cohort lifetime net income distribution is projected to inherit £315,000 on average, while a household of the same birth cohort in the bottom fifth of the lifetime net income distribution is projected to inherit £140,000. Data are in 2018-20 prices. For more information see: P Bourquin, R Joyce & D Sturrock, Inheritances and inequality over the life cycle: what will they mean for younger generations?, Institute for Fiscal Studies, April 2021.

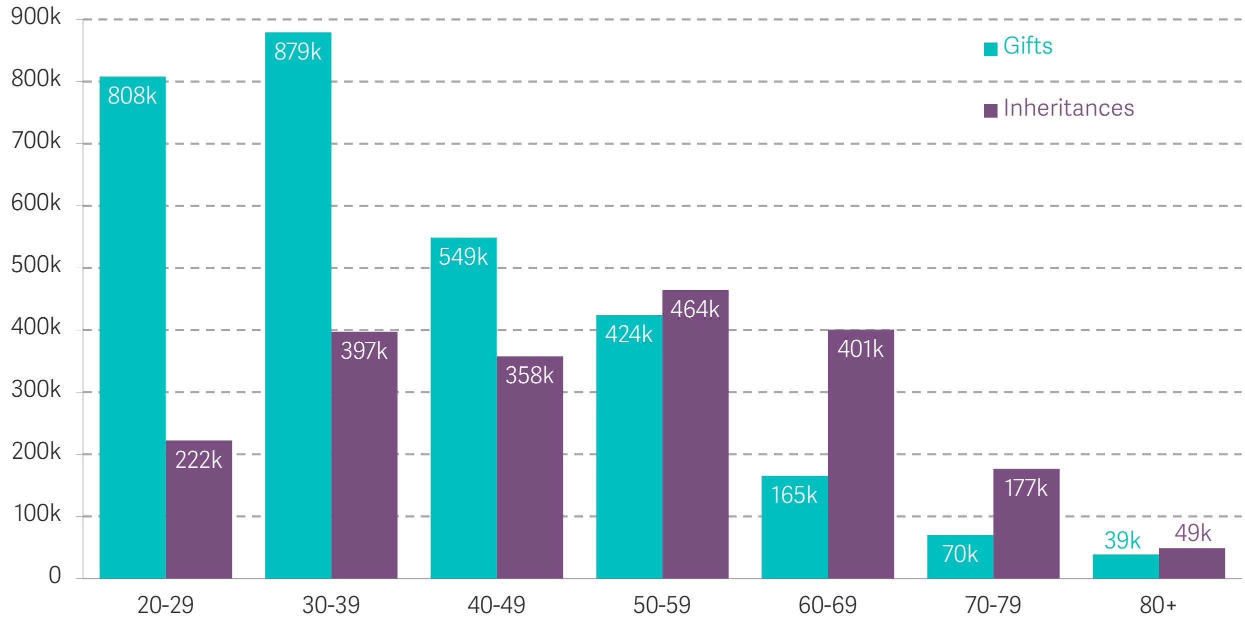
91 Data are in 2018-20 prices. For more information see: P Bourquin, R Joyce & D Sturrock, Inheritances and inequality over the life cycle: what will they mean for younger generations?, Institute for Fiscal Studies, April 2021.

92 L Gardiner, The million dollar be-question: Inheritances, gifts, and their implications for generational living standards, Resolution Foundation, December 2017.

in their 60s received £100,000 or more, compared to only one-in-ten (10 per cent) of those that receive an inheritance in their 30s. Together this shows that the 'big money' typically arrives toward the end of people's working lives.

FIGURE 33: **Inheritances tend to be larger and arrive later in life than financial gifts**

Number of financial gifts (left panel) and inheritances (right panel), by value and age group: GB, 2018-20



NOTES: Counts inheritances of £1,000 or more and financial gifts of £500 or more.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

The fact that inheritances, and especially large inheritances, tend to come late in life means that – at least in contrast to gifts – they offer limited support for people struggling to access home ownership (as discussed in Section 2), or indeed those looking to invest in training or embark on a high-risk, high-reward career. Similarly, for most people, inheritances are less likely to help during the costly child-rearing years.

Instead, inheritances are more likely to be useful for paying off a mortgage or enabling early retirement. Analysis of the longitudinal data from the Wealth and Assets Survey (WAS) between 2010-12 and 2018-20 shows that individuals aged 40 and over who received an inheritance were 6 percentage points more likely to fully pay off their mortgage between survey waves compared to those who did not receive an inheritance.[93] This in turn could have significant impacts on people's involvement with the labour

93 We use a logit regression model to determine whether receiving an inheritance is associated with paying of a mortgage in full, after controlling for other factors including housing tenure, age, income, and wealth. The predicted probabilities of someone over 40 paying off their mortgage in full across each Wealth and Asset Survey wave (between 2010-12 to 2018-20) were 23 per cent for those that did not receive an inheritance and 29 per cent for those that did receive an inheritance, evaluated at the average values of all the factors that have been controlled for. This difference is statistically significant at the 95 per cent confidence level.

market, as individuals without housing costs are far more likely to retire. For example, among those aged 50 or over, those that owned their home outright were 4 percentage points more likely to retire early between WAS survey waves compared to those that were still paying off a mortgage.[94]

Furthermore, we can directly establish a significant difference in the likelihood of early retirement among non-retired individuals over 50, depending on receipt of an inheritance – and particularly the size of that inheritance. We find that receiving an inheritance of £1,000 to £49,999 does not increase a person's likelihood of early retirement compared to those that did not receive an inheritance. However, those that receive an inheritance of £50,000 or more are 4 percentage points more likely to retire early between WAS survey waves compared to those that did not receive an inheritance.[95] This evidence shows that inheritances can indirectly influence labour market decisions in two ways: first, by facilitating mortgage repayment, and second, by directly increasing the funds available to support retirement.

The impact of inheritances on labour market decisions in later life deserves more attention for several reasons, and especially in a world where bequests are growing in frequency and size. More frequent large inheritances may act as a headwind against the Government's ambition of higher employment levels. Furthermore, the characteristics of typical inheritors (and especially the recipients of big bequests) – higher-earning, highly educated and advanced in their career – mean that a depressed employment rate among this group could have a disproportionate impact on the economy and tax revenues, compared to similar trends among younger or lower-income groups.[96] As we argued in connection with carers and the labour market penalties they face, this is something policymakers may need to grapple with if it is serious about the Government's target of achieving an 80 per cent employment rate. [97]

Ultimately, the notion that retirement timing could depend more on a person's inherited wealth than on their own savings raises important questions of fairness. While choosing to retire early is a valid personal decision, the Government plays a crucial role in shaping the framework within which these choices are made. One clear step towards

94 The predicted probabilities of a non-retired person aged 50 or above retiring early across each Wealth and Asset Survey wave (between 2010-12 to 2018-20) were 4 per cent for those that still had a mortgage and 8 per cent for those that owned their home outright, evaluated at the average values of all the factors that have been controlled for.

95 The predicted probabilities of a non-retired person aged 50 or above retiring early across each Wealth and Asset Survey wave (between 2010-12 to 2018-20) were 6 per cent for those that did not receive an inheritance and 10 per cent for those that received an inheritance of £50,000 or more, evaluated at the average values of all the factors that have been controlled for. This difference is statistically significant at the 95 per cent confidence level.

96 Previous research has shown that higher-income and wealthier families are more likely to benefit from transfers. For more information see: J Leslie & K Shah, Intergenerational rapport fair?: Intergenerational wealth transfers and the effect on UK families, Resolution Foundation, February 2022. Research has also found that higher educated couples are more likely to receive substantial inheritances. For more information see: R Kanabar, Assortative mating and wealth inequality in Great Britain: evidence from the baby boomer and Gen X cohorts, University of Bath, November 2024.

97 The Labour Party, Labour's plan to get Britain working: How we'll boost employment, deliver better training and secure higher wages, June 2024.

a system where retirement decisions are influenced less by family wealth and more by individual circumstances would be to replace Inheritance Tax (IHT) with a lifetime tax on recipients. This shift would improve IHT in multiple ways, for instance, moving from a tax on the donor's estate to one on the recipient's income would align it better with public perceptions of fairness and make the system simpler to understand. Additionally, moving from a tax on estates to a lifetime allowance would also encourage people to distribute inheritances more widely as it would be more tax-efficient to spread an inheritance across multiple individuals – each with their own lifetime allowance – than to transfer it all to a single person.98 This could potentially limit the labour market headwind caused by large inheritances coming at once.

The burgeoning care crisis may affect future inheritances

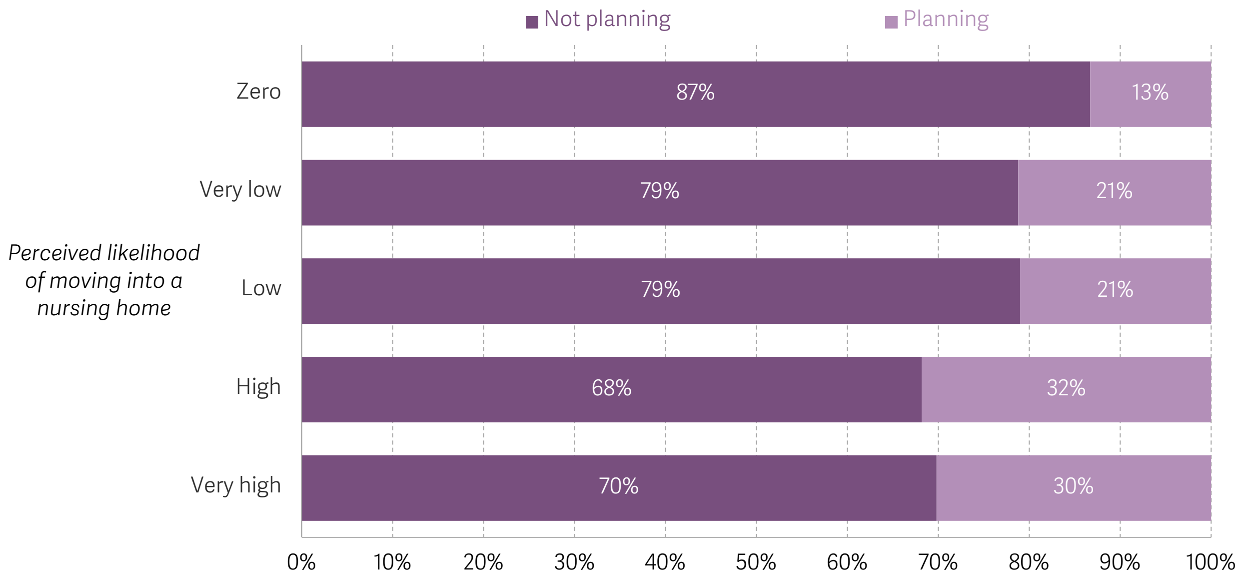
Previous research has found that rising wealth levels in the UK, coupled with an ageing population, mean that the value of inheritances could double over the next 20 years.99 However, this prospective growth of inheritance is closely tied to future social care requirements and associated long-term costs. In England, an estimated 75 per cent of adults over 65 will face care expenses during their lifetime, with one-in-seven incurring costs of more than £100,000.100

Despite the potential magnitude of these expenses, only a small proportion – 22 per cent – of those aged 50 and above reported undertaking any planning activities to meet their care costs. Even among those expecting to need care, few are taking steps to prepare financially. For example, Figure 34 shows that, even among people who believe they have a very high likelihood of moving into a nursing home, less than one in three (30 per cent) are engaged in any financial planning to address long-term care expenses.[101]

98 M Broome, A Corlett & G Thwaites, Tax planning: How to match higher taxes with better taxes, Resolution Foundation, June 2023.
99 J Leslie & K Shah, Intergenerational rapport fair?: Intergenerational wealth transfers and the effect on UK families, Resolution Foundation, February 2022.
100 Department of Health and Social Care, Social care charging reform impact assessment, January 2022.
101 M Qin et al., Personal planning for future long-term care among mid-age and old adults in England: The role of expectations, Centre for Population Change and Connecting Generations, November 2024.

FIGURE 34: **Most people aren't planning for future care costs**

Proportion of adults aged 50 and above who report any financial planning activities for long term care, by perceived likelihood of moving into a nursing home: England, 2019

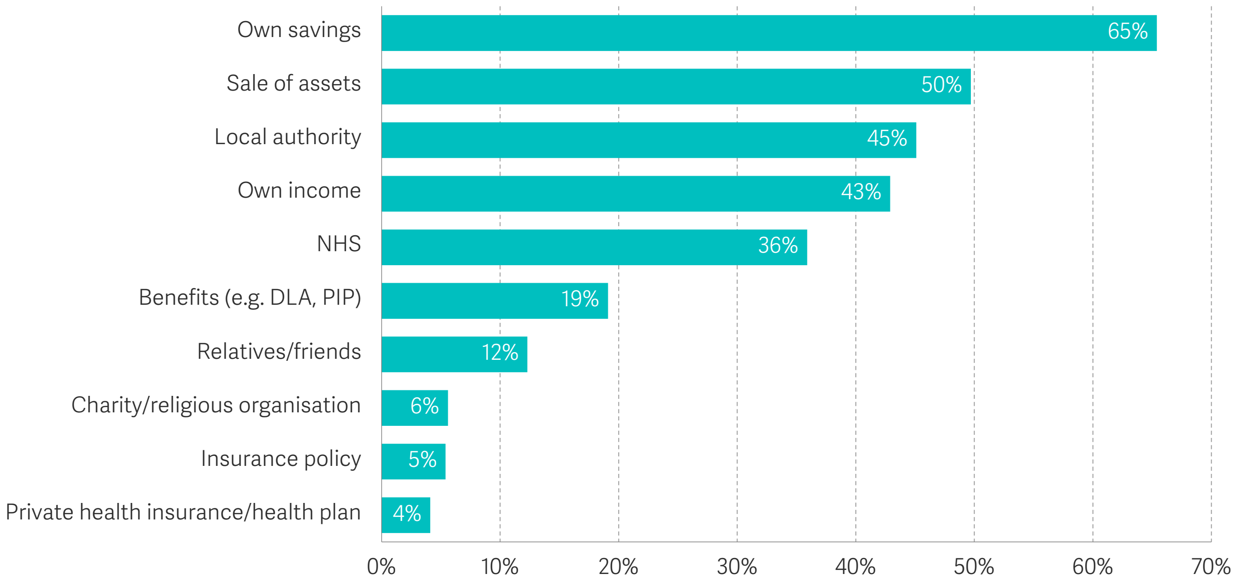


SOURCE: M Qin et al., Personal planning for future long-term care among mid-age and old adults in England: The role of expectations, Centre for Population Change and Connecting Generations, November 2024.

Though this might appear to indicate a lack of preparation, it actually reflects that most people intend to rely on existing assets to cover care and support costs. As shown in Figure 35, 65 per cent of individuals anticipate using their savings to fund long-term care in later life, and half (50 per cent) expect to sell assets, such as their home, to cover these expenses. This reliance on personal assets suggests that wealth intended for inheritance could be significantly depleted, potentially resulting in smaller bequests for the next generation.

FIGURE 35: **Assets that might otherwise be passed on to heirs may be redirected to cover care expenses**

Expectations regarding how people will pay for care and support in later life: England, 2019



NOTES: People were able to nominate more than one option.
SOURCE: M Qin et al., Personal planning for future long-term care among mid-age and old adults in England: The role of expectations, Centre for Population Change and Connecting Generations, November 2024.

In addition to drawing from personal assets, many people also expect to rely on public services for future care needs: 45 per cent anticipate support from local authorities, and 36 per cent foresee them relying on NHS-provided care. Yet – Section 4 also noted – social care funding in England has faced persistent strain, resulting in widespread unmet or partially met care needs and long delays in accessing services.[102] An ageing population means that demand for social care is growing faster than the general population, likely increasing pressure on public services and potentially limiting access to care. The upshot of this could be that even more people rely on family members for support: only 12 per cent currently expect to turn to relatives for care needs but this proportion may rise as public services struggle to meet demand.

Overall, factoring growing care costs into the picture could limit some of the trends we've described, in terms of the growing value of inheritances actually received across society. For example, 45 per cent of people over 65 reported concerns

102 Although estimates of unmet needs vary, it was projected that prior to the Covid-19 pandemic, approximately 1.5 million people aged 65 and over in England experienced some level of unmet or under-met care requirements. For more information Age UK, Age UK General Election Manifesto 2019, November 2019.

that social care expenses might limit their ability to pass on wealth.[103] But there is an important inter-generational twist on the effects. For younger generations, in particular, over-stretched public services and the reliance on existing savings and assets could mean both receiving smaller inheritances and heavier caring responsibilities.

103 J Leslie & K Shah, Intergenerational rapport fair?: Intergenerational wealth transfers and the effect on UK families, Resolution Foundation, February 2022.

Section 6

Conclusion

This Intergenerational Audit has examined the evolving flows of resources and support across generations and their significance today. Financial and housing assistance are increasingly important in shaping young adults living standards and homeownership trajectories. This report has shown that, while family wealth plays a key role in determining the level of financial support made available to young adults, living with parents can provide a valuable safety net for those from less affluent backgrounds.

Caregiving assistance also constitutes an essential intergenerational transfer of time and support. Grandparents continue to play a vital role in helping their children with childcare support (even if, surprisingly, their role hasn't increased even as more mothers are in paid employment). But it has been younger generations that have stepped up to meet the growing family caregiving needs, filling the gap left by the dual pressures of an ageing population and a strained public sector. Inheritances constitute the final intergenerational transfer we can leave our families, and their impact on family wealth dynamics and wealth inequality is profound – and is increasing, as family wealth has grown. Yet inheritances may not continue at current levels due to rising long-term care costs, which could lead to the challenging combination of reduced bequests and a heavier caregiving burden for younger generations.

These intergenerational flows carry significant economic weight, not only benefiting individuals but also impacting broader social outcomes, including labour market participation. Changing social norms and family dynamics have increased maternal employment, but new labour market challenges are emerging, driven by demands for adult care and the role of inheritances in facilitating early retirement.

To meet the Government's 80 per cent employment target, public funding choices must play a pivotal role. Over the past decade, expanded public provision of childcare has helped boost employment among parents – especially mothers – while shortfalls in adult social care have left many caregivers unable to benefit from the post-2010 employment boom. Additionally, the trend of larger, later-life inheritances appears to facilitate early retirements, raising concerns about workforce stability and generational equity. Addressing these evolving needs will require a balanced approach to social funding that considers both childcare and adult care priorities, alongside policies that manage intergenerational financial flows and support sustainable employment across generations.

Annex 1

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