JULIAN BOND INSTITUTE

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Issue Brief:

August 2026

Intergenerational Wealth: An Uneven Playing Field in Six Charts

Gen Z and Millennials who lack access to intergenerational wealth are lagging behind their peers financially. Policy interventions are needed to give them an equal chance of achieving their ambitions.

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Background

Like generations that came before them, Gen Z and Millennials want to own homes, start businesses, retire comfortably, and leave something for their loved ones. However, not everyone has an equal chance of achieving these ambitions. Julian Bond Institute's 2050 Survey, a nationally representative survey of Americans' financial experiences and aspirations, found that whether Gen Z and Millennials are on track to achieve their financial aspirations is in part determined by the financial resources of their families of origin. Whereas people with intergenerational wealth are more likely to be on track to achieve their own wealth-building goals, those who have faced financial hardships in childhood are more likely to feel off track and more likely to experience further wealth stripping from high-cost credit products. Drawing on data from the 2050 Survey, we illustrate the uneven playing field of intergenerational wealth in six charts. Policymakers and financial institutions must act now to close access gaps and rein in predatory credit products, so that young Americans can achieve their financial ambitions regardless of the financial resources of their families of origin.

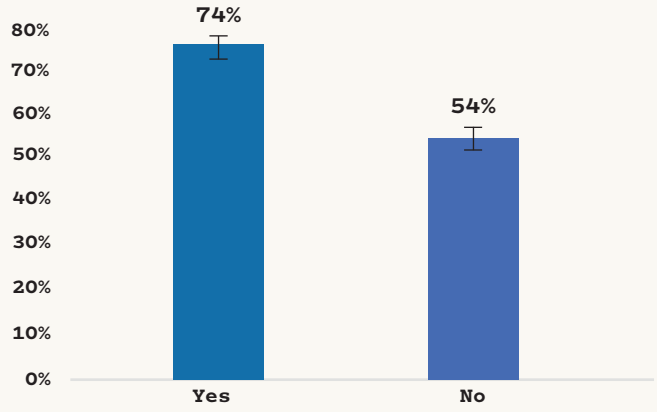
Gen Z and Millennials with family wealth are closer to their long-term wealth-building goals

For many young Americans, progress toward their long-term wealth-building aspirations depends on their parents' financial resources.

"Owning my own home" is an enduring financial aspiration for Americans across generations and remains an important pathway for long-term wealth building. First-generation aspiring homeowners, whose parents were not homeowners, face greater challenges in achieving this goal. Compared to those who did not grow up in homeowner households, Gen Z and Millennials whose families owned homes are significantly more likely to have achieved or be on their way to achieving homeownership.

Figure 1: Percent of Gen Z & Millennial aspirants who have "achieved" or are "on their way" to their homeownership goal

First-generation aspiring homeowners, whose parents were not homeowners, face greater challenges in achieving this goal.



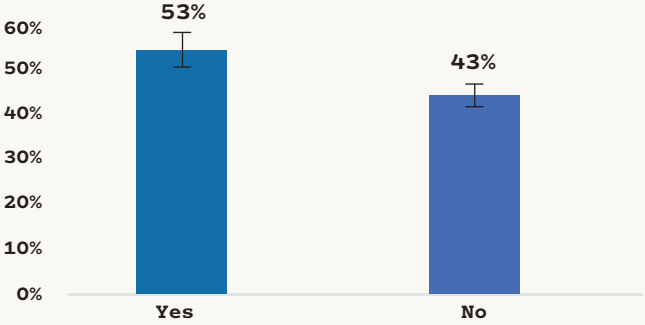
Response to "My family owned the home(s) I grew up in"

Source: JBI 2050 Survey.

Business ownership is another important pathway for long-term wealth building. Among those who aspire to own their own business, children of business owners are significantly more likely to have achieved or be on their way to achieving their entrepreneurial goals.

Figure 2: Percent of Gen Z & Millennial aspirants who have "achieved" or are "on their way" to their business ownership goal

Children of business owners are significantly more likely to have achieved or be on their way to achieving their entrepreneurial goals.



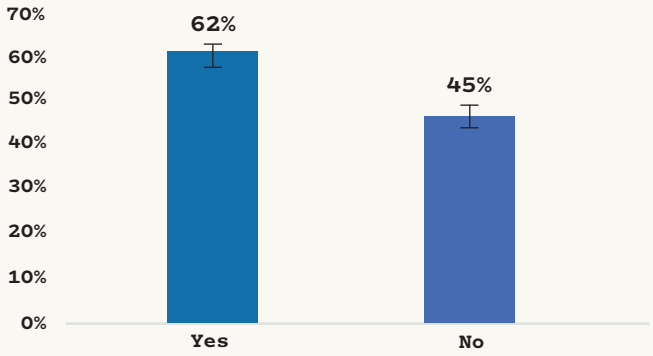
Response to "My family owned a business"

Source: JBI 2050 Survey.

Most people cited saving for a comfortable retirement as one of their long-term financial goals. Despite being far from retirement age, nearly half of Gen Z and Millennials who aspire to a comfortable retirement say they are not on track or will never be able to achieve this goal. Family wealth also plays a role here: those whose parents had a retirement plan or savings for the future are significantly more likely to have achieved or be on their way to achieving their own retirement saving goals.

Figure 3: Percent of Gen Z & Millennial aspirants who have "achieved" or are "on their way" to their retirement savings goal

Those whose parents had a retirement plan or savings for the future are significantly more likely to be on track to achieve their own retirement savings goals.



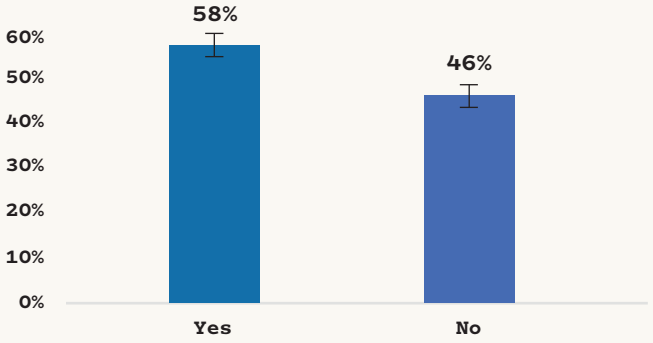
Response to "My parents had a retirement plan and/or savings"

Source: JBI 2050 Survey.

Last but not least, access to an inheritance also influences whether Gen Z and Millennials feel on track to build their own wealth to pass on to future generations. Those who have received or expect to receive an inheritance from their parents are significantly more likely to have achieved or be on their way to achieving their goal of building an inheritance to pass on.

Figure 4: Percent of Gen Z & Millennial aspirants who have "achieved" or are "on their way" to their inheritance building goal

Access to an inheritance also influences whether Gen Z and Millennials feel on track to build their own wealth to pass on to future generations.



Response to "Have received or expect to receive an inheritance from parents"

Source: JBI 2050 Survey.

Gen Z and Millennials who grew up with financial challenges are more vulnerable to high-cost credit

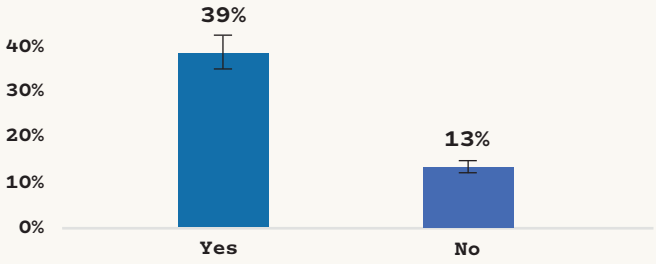
While Gen Z and Millennials who grew up with family financial cushions are getting ahead on their own wealth-building goals, their peers who grew up in households facing financial hardships are more vulnerable to wealth extraction through high-cost, predatory credit products.

JBI's 2050 Survey found that 23% of Gen Z and 16% of Millennials reported using app-based payday loans (often marketed as earned wage advance or EWA) in the past year.

However, those who recall their parents using high-cost alternative financial services like payday loans are three times more likely to report having used app-based payday loans themselves.

Figure 5: Percent of Gen Z & Millennials using payday loan apps in the past year

Those who recall their parents using payday loans are three times more likely to report having used app-based payday loans themselves.



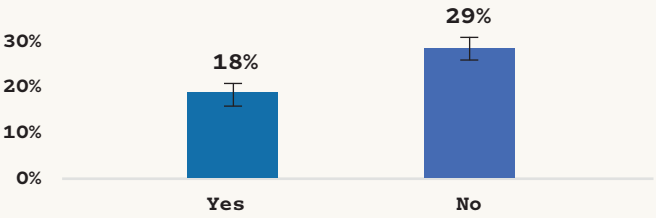
Response to: "Recall parents using high-cost financial services like payday loans"

Source: JBI 2050 Survey.

In a similar vein, those who are familiar with day-to-day financial struggles in childhood are more likely to have experienced overdraft fees themselves. Gen Z and Millennials who can least afford the cost of predatory credit products are most vulnerable to this form of wealth stripping.

Figure 6: Percent of Gen Z & Millennials experiencing overdraft in the past year

Those who are familiar with day-to-day financial struggles in childhood are more likely to have experienced overdraft fees themselves.



Response to "Parents were always or almost always able to pay bills on time"

Source: JBI 2050 Survey.

What policymakers can do

Policymakers need to act now to close access gaps and rein in predatory products that exacerbate financial struggles for the most vulnerable.

Housing:

Expand first-generation down payment assistance at scale. Reform mortgage underwriting to credit rental history and non-traditional indicators, and to better account for the structural absence of family wealth.

Small business:

Expand small business lending, mentorship, and technical assistance in the communities where entrepreneurial aspiration is highest and capital access is thinnest.

Retirement:

Uniformly adopt state-sponsored retirement plans with auto-enrollment when employers do not provide one. Make the Saver's Credit refundable so it reaches the workers it was designed to help.

Consumer protection:

Extend consumer protection frameworks to payday loan apps, buy-now-pay-later products, and AI financial advice tools. Reform overdraft fees and expand small-dollar credit alternatives.

Wealth transfer:

Invest in children's savings account programs at scale, and increase access to affordable estate planning services so accumulated wealth survives the transfer to the next generation.

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