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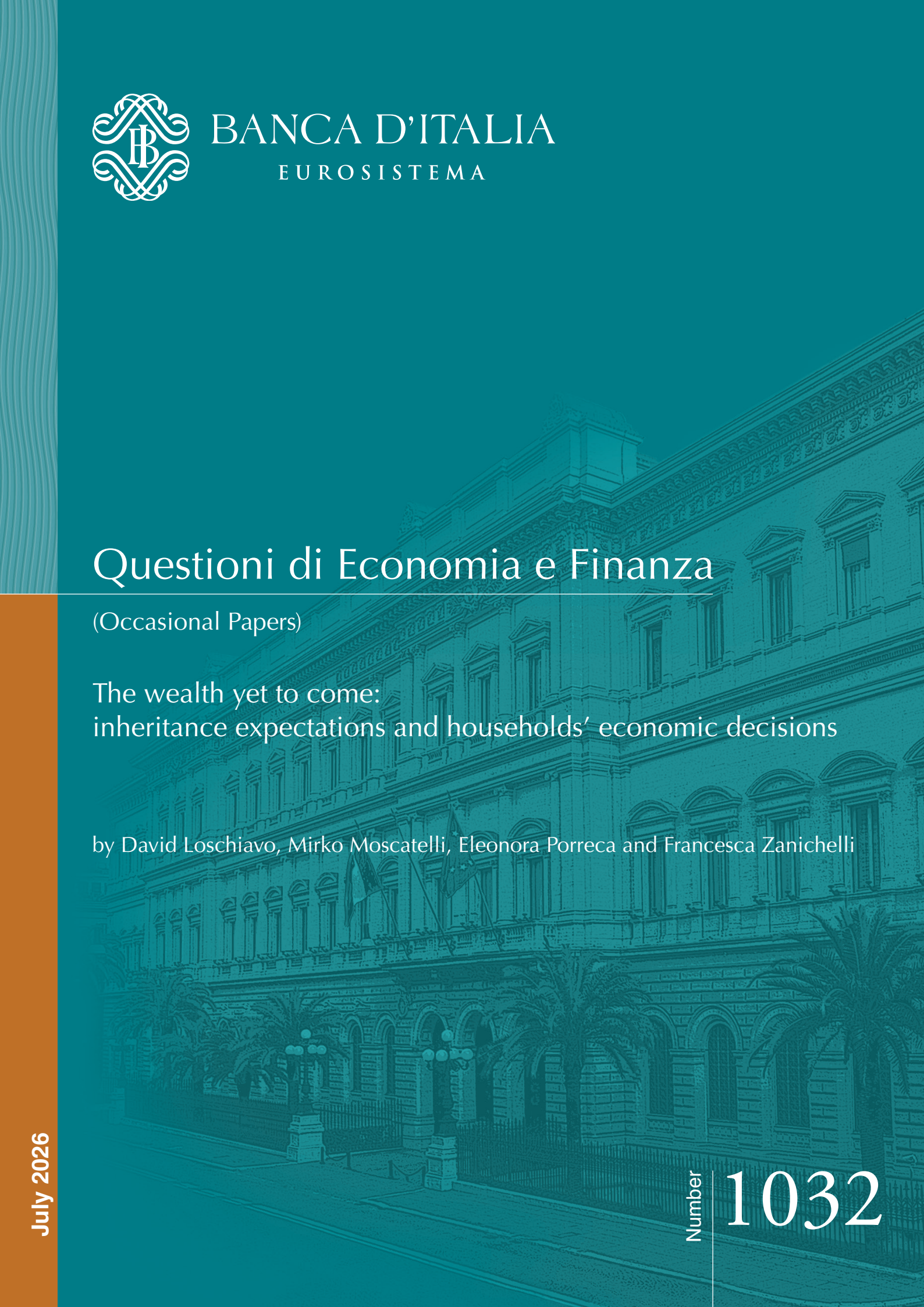

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(Occasional Papers)

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# THE WEALTH YET TO COME: INHERITANCE EXPECTATIONS AND HOUSEHOLDS' ECONOMIC DECISIONS

by David Loschiavo*, Mirko Moscatelli*, Eleonora Porreca* and Francesca Zanichelli*

**Abstract**

This paper analyses how expectations of receiving an inheritance affect the main economic decisions of Italian households. Using data from the Survey on Household Income and Wealth (SHIW), we show that households expecting to receive a bequest in the future consume more and save less than otherwise comparable households. Labour supply declines among households whose main income earner is older. Inheritance expectations are also associated with higher investment in financial assets and a higher propensity to take on consumer debt. Overall, expectations of future transfers represent a remarkable channel through which intergenerational wealth influences economic choices well before its actual realization.

**JEL Classification**: C83, D14, D15, D31, E21, G51.

**Keywords**: inheritance expectations, intergenerational wealth, household finance, household survey, Italian households.

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# 1 Introduction[1]

Inheritance, by directly increasing descendants' permanent resources and easing potential liquidity constraints, represents one of the main mechanisms through which economic advantage is transmitted across generations (Becker and Tomes, 1986). A large body of the literature on intergenerational wealth persistence shows that direct transfers account for a substantial share of the correlation between parents' and children's wealth, particularly at the top of the distribution (Boserup et al., 2016, Adermon et al., 2018, Fagereng et al., 2021, Black et al., 2024). Complementary evidence also points to stronger intergenerational persistence in consumption than in labour income, suggesting that family transfers play an important role as an intergenerational insurance mechanism (Mulligan, 1999).

Most studies focus on inheritances that have actually been received, while only a limited number of contributions (Belloc and Molina, 2026, Malo and Sciulli, 2023, Basiglio et al., 2023) examine how expectations of future transfers influence economic decisions over the life cycle. From a theoretical perspective, however, the expectation of a bequest represents a shift to future wealth and can therefore affect households' economic choices in advance. If perceived as likely and sufficiently large, such expectations may weaken precautionary saving motives, affect the intertemporal consumption behaviour, and reduce labour supply incentives. Inheritances may also affect the composition of household wealth, encouraging the accumulation of specific asset components, such as real or financial wealth, and shaping the timing of portfolio choices. Finally, expected transfers may influence borrowing decisions, both by relaxing credit constraints and by reducing the need to rely on debt once the transfer materializes. In all these dimensions, effects may plausibly differ between the extensive and intensive margins and display substantial heterogeneity depending on the size of the expected inheritance or across households' groups.

Population ageing and the increasing concentration of wealth may further amplify the role of intergenerational transfers in shaping wealth inequality dynamics over the future

[1]The authors thank for their useful comments and suggestions A. Neri, C. Rondinelli and A. Rosolia. The views expressed in this paper are those of the authors and should not be attributed to the Bank of Italy.

decades. Italy represents a particularly relevant setting to study these mechanisms, as demographic ageing has been underway for some time and is expected to intensify further (Bavaro et al., 2025).[2] Recent evidence shows that cohorts born in the post-war period accumulated higher levels of wealth than subsequent generations, owing to historically favourable macroeconomic conditions over the life cycle, and currently hold a substantial share of total net wealth (Mariani et al., 2026). As these cohorts are characterised by greater longevity and fewer children, when their wealth is transferred to descendants the contribution of inheritances to younger generations' wealth may be larger than in the past, with potential implications for the intergenerational distribution of opportunities.

Against this background, this paper analyses the effects of inheritance expectations on Italian households' consumption, investment, borrowing decisions, and labour supply. The results show that, on average, households expecting to receive an inheritance exhibit higher consumption levels than those without such expectations, consistent with life-cycle behaviour. Households anticipating an increase in future wealth are also more likely to be indebted for consumption purposes, suggesting a desire to maintain a smoother consumption profile over time. As the age of the household's main income earner increases, inheritance expectations are associated with a reduction in labour supply at the extensive margin, consistent with a shorter perceived time horizon over which such transfers are expected to take place. In line with evidence that inheritances predominantly take the form of real estate, households expecting a bequest tend to invest more in medium- and long-term financial assets and less in housing. Finally, inheritance expectations appear to lead households to allocate more resources to education, possibly because they reduce the need to save for future expenditures such as house purchases. The results document statistical correlations and should not be interpreted in a causal sense as, despite the rich set of controls included in the regressions, it is not possible to fully rule out the influence of unobserved factors affecting both inheritance expectations and households' economic choices.

[2]See also the Parliamentary Committee of Inquiry on the economic and social effects of the ongoing demographic transition, testimony by A. Brandolini, Deputy Head of the Economics and Statistics Department of the Bank of Italy, Chamber of Deputies, Rome, 15 April 2025, available at `https://www.bancaditalia.it/pubblicazioni/interventi-vari/int-var-2025/Brandolini-15.04.2025.pdf`

Overall, the paper provides new evidence on the role of expectations of intergenerational transfers in a country characterised by high wealth concentration, rapid population ageing, and relatively low inheritance taxation, contributing to the debate on the drivers of inequality and its policy implications.

The remainder of the paper is organised as follows: section 2 describes the data; section 3 presents the empirical strategy; and section 4 discusses the results.

# 2 Data

We use data from the Survey on Household Income and Wealth (SHIW), conducted by the Bank of Italy and representative of the Italian population.[3] The survey collects detailed information on households' socio-demographic characteristics, income, wealth (including liabilities), and consumption.

In the 2014 wave of the SHIW, respondent households were asked whether they expected to receive inheritances or donations in the future.[4] This information makes it possible to distinguish between households expecting an increase in future wealth and those without such an expectation, and to assess whether this difference is associated with variation in key economic decisions, conditional on other observable characteristics. It is important to stress that no information was collected on either the time horizon over which households expected to receive such wealth or its amount, both of which are plausibly uncertain even to respondents themselves. The questionnaire also included a detailed set of questions on inheritances and donations received in the past. For each transfer received, households were asked to report the type of asset (e.g., cash, real estate, financial assets), the year of receipt, and its value at the time of acquisition.[5] Information on inheritances already received is used in this paper both as an additional control variable in the regressions and to help identify possible channels underlying the effects of inher-

[3]For details on the sampling design of the survey, see `https://www.bancaditalia.it/pubblicazioni/metodi-e-fonti-note/metodi-note2022/MOP_IBF_en.pdf?language_id=1`.

[4]Up to 2014, more than 85 per cent of transfers took the form of inheritances, with the remainder consisting of donations. For this reason, and for ease of exposition, the term inheritance is used hereafter to include donations as well.

[5]The questions on expected and received transfers included in the questionnaire are reported in Appendix A.

itance expectations (for instance, by leveraging information on the types of assets most frequently transmitted across generations).

According to SHIW data, in 2014 14.4 per cent of households expected to receive an inheritance in the future. More than one household out of three had already received at least one transfer in the past, and 5.6 per cent of households fell into both categories (Table 1). The remaining households, accounting for about 57 per cent, had neither received transfers in the past nor expected to receive them in the future.[6] These proportions vary considerably across the income distribution (Panel A of Table B.1): households in the lowest income quintile are predominantly those that neither received nor expected inheritances, while the share of households expecting a bequest rises steadily across quintiles, reaching nearly one household in four in the top quintile. A similar pattern emerges across the wealth distribution (Panel B of Table B.1): in the bottom wealth quintile, more than 86 per cent of households neither received nor expected transfers, whereas among the wealthiest households this share falls to about 35 per cent, alongside a higher incidence of households that have already benefited from an inheritance and those expecting one.

Table 1: Received and Expected Inheritances

| | Received inheritance | | |
|---|---|---|---|
| Expected inheritance | Yes | No | Total |
| Yes | 5.6 | 8.7 | 14.4 |
| No | 28.6 | 57.1 | 85.4 |
| Total | 34.2 | 65.8 | 100.0 |

To identify the characteristics associated with membership in the groups defined by received and expected inheritances, Table 2 reports the marginal effects estimated from a multivariate probit model. The dependent variable takes the value one if the interviewed household reports expecting an inheritance (column 1), having already received a transfer (column 2), or neither expecting nor having received an inheritance (column 3), and zero otherwise.

The results indicate that the probability of expecting an inheritance follows an inverted U-shaped profile with respect to the age of the main income earner: it rises in the early

[6]These shares were broadly similar to those reported twelve years earlier in the 2002 wave of the SHIW, which included similar questions on inheritances, albeit administered to a random half-sample.

stages of the life cycle and declines at older ages. This latter pattern is consistent with the fact that at middle ages individuals are more likely to have living parents and therefore to expect a future transfer (see Table B.2), whereas at older ages the inheritance may already have been received or no longer expected. As age increases, the probability of being in the most disadvantaged category, characterised by the absence of both received and expected inheritances, also rises. Having the main income earner with a university degree increases the probability of expecting an inheritance by 7.2 percentage points, an effect equivalent to about half of the average probability in the sample (14.4 per cent).

Regression results further highlight additional heterogeneity across demographic and economic groups. In particular, having highly educated parents significantly increases the likelihood of expecting a bequest and reduces the probability of belonging to the most disadvantaged group, plausibly because parental education reflects differences in the income levels of the household of origin. Finally, as the number of living parents increases, the probability of expecting an inheritance rises, while the probability of having already received one declines.

Table 2: Household characteristics by expected and received inheritance

| | (1) Expected inheritance | (2) Received inheritance | (3) No inheritance |
|---|---|---|---|
| Female | 0.004 | -0.014 | 0.008 |
| | (0.012) | (0.014) | (0.016) |
| Age | 0.006** | -0.003 | 0.005* |
| | (0.002) | (0.003) | (0.003) |
| $Age^2$ | -0.000*** | 0.000 | -0.000 |
| | (0.000) | (0.000) | (0.000) |
| Secondary education | 0.028** | 0.005 | -0.030* |
| | (0.012) | (0.015) | (0.017) |
| University degree | 0.072*** | 0.054** | -0.083*** |
| | (0.019) | (0.023) | (0.026) |
| Self-employed | -0.001 | -0.012 | 0.025 |
| | (0.016) | (0.021) | (0.024) |
| Not employed | 0.007 | 0.065** | -0.052* |
| | (0.024) | (0.028) | (0.030) |
| Retired | -0.029 | 0.012 | -0.009 |
| | (0.018) | (0.021) | (0.023) |
| Household size | -0.010** | 0.004 | 0.008 |
| | (0.005) | (0.006) | (0.007) |
| Income (log) | 0.012 | 0.016 | -0.021 |
| | (0.013) | (0.016) | (0.017) |
| 2nd wealth quintile | 0.015 | 0.240*** | -0.243*** |
| | (0.017) | (0.016) | (0.021) |
| 3rd wealth quintile | 0.041** | 0.370*** | -0.346*** |
| | (0.018) | (0.017) | (0.021) |
| 4th wealth quintile | 0.031* | 0.377*** | -0.346*** |
| | (0.018) | (0.017) | (0.022) |
| 5th wealth quintile | 0.057*** | 0.561*** | -0.518*** |
| | (0.022) | (0.021) | (0.025) |
| Number of living parents | 0.048*** | -0.031*** | -0.011 |
| | (0.004) | (0.006) | (0.007) |
| 2+ parents with secondary education | 0.032** | 0.036* | -0.063*** |
| | (0.014) | (0.019) | (0.020) |
| N | 8,156 | 8,156 | 8,156 |
| Pseudo-$R^2$ | 0.17 | 0.18 | 0.13 |

Reference categories: male; less than secondary education; employee; 1st wealth quintile; at most one parent with upper secondary education. Regressions include fixed effects for macro-area (North-West, North-East, Centre, South, Islands) and municipality size (population: up to 20,000; 20,000-40,000; 40,000-500,000; over 500,000) and are weighted using survey weights.

# 3 Empirical analysis

## 3.1 Methods

The empirical analysis aimed at assessing the effect of inheritance expectations on economic decisions is based on the estimation of household-level regressions with the following specification:

$$Y_i^o = \alpha + \beta \cdot EI_i + \delta \cdot EI_i \cdot CF_i + \gamma \cdot CF_i + \varepsilon \tag{3.1}$$

where $Y_i^o$ denotes the household economic outcome for which the effect of expected inheritance is estimated. Specifically, we consider total annual household consumption (distinguishing between durable and non-durable goods), saving, labour supply, and household wealth decomposed into its main components: real wealth, financial wealth, and total liabilities (further divided into housing-related debt and consumption-related debt). All dependent variables are expressed in logarithms rather than in levels. $EI_i$ is the variable of interest and takes value one if at least one household member expects to receive an inheritance in the future, and zero otherwise. $CF_i$ denotes a set of household-level control variables common to all regressions across the different $Y_i^o$ outcomes. These controls are selected based on their predictive power on households' joint economic decisions, with the aim of improving estimation precision and reducing potential bias arising from omitted relevant variables. The set of controls includes: gender, age and age squared, education and employment status of the main income earner, household size, household income (in log), position in the net wealth quintile distribution, a binary indicator equal to one if the $i$-th household has received at least one transfer over its lifetime (and zero otherwise), a binary variable equal to one if at least two parents (of the respondent and, if present, the partner) hold a secondary degree, a categorical indicator of household illiquidity (i.e., belonging to the bottom quartile of the distribution of the ratio of liquid financial assets to consumption, commonly referred to as *hand-to-mouth*), a categorical variable capturing whether household expenditure for consumption in the survey year was reported as unusually high, normal, or unusually low relative to a typical year, a categorical indicator

of households' self-reported attitudes toward investment risk (risk-loving, risk-neutral, or risk-averse), as well as fixed effects for geographic area and municipality size.

The specification also includes interactions between $EI_i$ and selected control variables in order to investigate potential heterogeneity in the effects of inheritance expectations. In particular, $EI_i$ is interacted both with the *hand-to-mouth* condition, under the hypothesis that liquidity-constrained households may respond differently to an expected increase in future wealth by adjusting consumption or labour supply, and with the age of the main income earner, reflecting the idea that as age increases the realization of the wealth transfer becomes closer and the effect of inheritance expectations on economic choices may strengthen.[7]

Finally, given the large number of zero observations for some outcome variables, such as durable goods consumption, real wealth, financial wealth, and debt, we adopt for them a two-stage modeling strategy. In the first stage, a probit model is estimated to capture the probability that the household holds a strictly positive amount of the relevant variable; in the second stage, an OLS regression is estimated conditional on holding a positive value.

When interactions between the independent variable of interest and continuous covariates are included, probit specifications report estimated coefficients rather than marginal effects, since the latter depend on the values of the interacting variables. Coefficients should therefore be interpreted in terms of the sign and statistical significance of their effect on the probability of the event considered, rather than as quantitative changes in probabilities.

[7]With the interaction term $EI \cdot Age$, the coefficient $\beta$ would represent the effect of inheritance expectations on consumption at age zero, an implausible scenario. To improve interpretability, we first center the age variable by subtracting its mean from each observation, then construct the interaction term and estimate the model. After centering age, $\beta$ captures the effect of inheritance expectations on consumption at the average age in the sample (56 years).

# 4 Results

## 4.1 Effects on consumption choices, labour supply, and human capital investment

Table 3 reports the results from estimating equation (3.1), analysing the effect of inheritance expectations on consumption and saving. We consider both total consumption (column 1) and its decomposition into non-durable (column 2) and durable goods (columns 3 and 4). For durable goods, the analysis separately considers the likelihood of positive expenditure (column 3) and the conditional spending amount (column 4).

Expecting to receive an inheritance in the future is associated with a statistically significant increase in total consumption of approximately 7 per cent. This effect emerges both for non-durable consumption, which is about 6 per cent higher among households expecting an inheritance, and for durable consumption, where inheritance expectations increase the probability of undertaking such expenditure.[8] Symmetrically, inheritance expectations are associated with a reduction in saving of about 17 per cent. Overall, anticipating an increase in future wealth may weaken several common motives for saving, such as accumulation for old age, saving to purchase a primary residence (when one expects to inherit a dwelling), or the desire to leave bequests to children, and, in line with life-cycle theories, induce households to adopt a smoother intertemporal consumption profile that is more closely aligned with expected lifetime wealth.

The results also indicate that, as the age of the household's main income earner increases, the positive effect of inheritance expectations on non-durable consumption expenditure becomes stronger (column 2), plausibly because households are closer to the realization of the wealth transfer.

By contrast, households' liquidity conditions do not appear to significantly affect the impact of inheritance expectations on consumption and saving choices. Nevertheless, the estimated coefficient on the interaction between inheritance expectations and the

[8] Unlike non-durable goods, which are purchased regularly, expenditure on durable goods is typically higher but less frequent over time and can be postponed during periods of economic uncertainty, making it more sensitive to the business cycle.

*hand-to-mouth* condition is negative, consistent with an attenuation of the positive effect of expected future wealth among liquidity-constrained households, due to limited liquid resources and/or reduced access to borrowing.

Turning to labour–leisure choices, an anticipated increase in future household wealth, if sufficiently large and/or capable of generating a stable flow of income, may reduce labour supply incentives for some household members (the extensive margin) or the total number of hours worked by the household (the intensive margin). Estimates reported in columns 1 and 2 of Table 4 show that, on average, inheritance expectations affect labour supply at the extensive margin, measured as the ratio of employed household members to the total number of working-age members, but not at the intensive margin, defined as the ratio of total hours worked by household members to the number of employed members. Moreover, the results in column 1 suggest that, as the age of the main income earner increases, the negative effect of inheritance expectations on the extensive margin of labour supply becomes stronger, plausibly reflecting a shorter perceived time horizon until the transfer is realized.

Expecting an inheritance may also allow households to allocate more resources to human capital investment among younger members, as other needs, such as saving to purchase a home, are expected to be met through the future bequest. Consistent with this hypothesis, estimates reported in column 3 of Table 4 show that among households with at least one member aged 16–30, inheritance expectations are positively associated with a larger share of household members of schooling age (but no longer subject to compulsory education) being enrolled in education or training programs.

Table 3: Effect of expected inheritance on consumption and saving

| | Consumption | | | | Saving |
|---|---|---|---|---|---|
| | Total | Non-durable | Durable (probability) | Durable (amount) | |
| | (1) | (2) | (3) | (4) | (5) |
| Expected inheritance | 0.070*** | 0.060*** | 0.441*** | -0.182 | -0.172*** |
| | (0.021) | (0.020) | (0.083) | (0.130) | (0.057) |
| Age | -0.001 | -0.000 | -0.007*** | -0.010* | -0.001 |
| | (0.001) | (0.001) | (0.002) | (0.005) | (0.002) |
| EI × Age | 0.002 | 0.003** | 0.002 | -0.008 | 0.000 |
| | (0.001) | (0.001) | (0.005) | (0.008) | (0.004) |
| Hand to mouth | -0.066*** | -0.062*** | -0.034 | 0.008 | -0.260*** |
| | (0.016) | (0.015) | (0.061) | (0.124) | (0.057) |
| EI × Hand to mouth | -0.039 | -0.017 | -0.031 | -0.051 | 0.138 |
| | (0.054) | (0.054) | (0.156) | (0.280) | (0.135) |
| Received inheritance | -0.005 | -0.013 | 0.193*** | -0.009 | -0.091*** |
| | (0.013) | (0.012) | (0.047) | (0.086) | (0.030) |
| N | 8,156 | 8,156 | 8,156 | 2,100 | 6,813 |
| $R^2$ | 0.51 | 0.50 | | 0.17 | 0.54 |
| Pseudo-$R^2$ | | | 0.11 | | |

All regressions include the full set of controls described in Section 3.1 and are weighted using survey weights. Column (3) reports probit coefficients; marginal effects are not reported when interactions with continuous variables are included.

Table 4: Effect of expected inheritance on labour supply and human capital investment

| | (1) N. employed earners over n. working-age members | (2) N. hours worked over n. employed earner | (3) N. students aged 16-30 over n. members aged 16-30 |
|---|---|---|---|
| Expected inheritance | -0.093*** | 0.021 | 0.060** |
| | (0.030) | (0.024) | (0.029) |
| Age | 0.004*** | -0.003* | -0.005** |
| | (0.001) | (0.001) | (0.002) |
| EI × Age | -0.006*** | 0.002 | 0.001 |
| | (0.002) | (0.001) | (0.001) |
| Hand to mouth | 0.004 | -0.010 | 0.004 |
| | (0.019) | (0.018) | (0.023) |
| EI × Hand to mouth | -0.045 | 0.033 | -0.030 |
| | (0.047) | (0.045) | (0.062) |
| Received inheritance | -0.028* | 0.003 | -0.006 |
| | (0.016) | (0.014) | (0.020) |
| N | 4,341 | 4,404 | 2,059 |
| $R^2$ | 0.39 | 0.15 | 0.19 |

All regressions include the full set of controls described in Section 3.1 and are weighted using survey weights.

## 4.2 Effects on investment and indebtedness

Estimates indicate that expecting to receive an inheritance is associated with a lower probability of holding real estate wealth, although there are no differences in the amount held among households that do own properties (columns 1–2 of Table 5). By contrast, inheritance expectations have a positive effect on both the extensive and the intensive margins of financial wealth (columns 3–4): on the one hand, they increase the probability of holding financial assets; on the other, they raise the amount held conditional on ownership by about 20 per cent. Columns 5 and 6 report results for wealth held in financial assets other than deposits and government bonds. These assets, which are generally characterized by a higher risk–return profile, are predominantly used for medium- to long-term investment purposes. For this category as well, inheritance expectations are associated both with a higher likelihood of holding such assets and with a larger conditional amount held.

Overall, the negative effect on the extensive margin of real estate wealth is consistent with the nature of intergenerational transfers in this context: among households that have already received an inheritance, properties represent the most common bequest. It is therefore reasonable that households anticipating a real estate inheritance respond by diversifying their portfolios, reducing exposure to this asset category and reallocating a growing share of their wealth toward financial assets, including relatively riskier ones. It is worth noting that the results on investment choices do not appear to be driven by differences in wealth between households that expect a bequest and those that do not. Indeed, regressions in Table 5 include controls for net wealth quintiles. Moreover, estimates reported in Table B.3 in Appendix B show that, conditional on observables, there are no significant differences between the two groups in terms of either gross or net wealth.

The negative effect on the probability of holding real estate wealth is also more pronounced among *hand-to-mouth* households. This result likely reflects both the fact that some households may be liquidity-constrained precisely because they have decumulated resources to purchase a home (so-called "wealthy" hand-to-mouth households) and the

fact that, among the "non-wealthy" subset of hand-to-mouth households, expecting an inheritance often coincides with the expectation of receiving a dwelling, as discussed above.

Based on the estimates reported in Table 6, expecting to receive an inheritance in the future is also associated with a higher probability of being indebted for consumption purposes, while no significant relationship emerges with borrowing for housing purchases. In both cases, inheritance expectations are not associated with higher debt amounts among indebted households. The observed effect on consumption debt plausibly reflects the tendency of households expecting an inheritance to maintain smoother consumption paths over time by anticipating resources. Consistent with this interpretation, the *hand-to-mouth* condition strengthens the positive effect of inheritance expectations on the likelihood of using consumer credit. By contrast, among *hand-to-mouth* households, those expecting a future bequest are less likely to be indebted for housing purchases, in line with the results on real estate wealth holdings.

Finally, there is no evidence of significant heterogeneity in the effects of inheritance expectations on investment and borrowing choices by the age of the main income earner.

Table 5: Effect of expected inheritance on wealth

| | Real estate wealth | | Financial wealth | | Wealth in financial assets other than deposits and government bonds | |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | Probability of holding | Amount held | Probability of holding | Amount held | Probability of holding | Amount held |
| Expected inheritance | -0.295* | -0.012 | 0.426*** | 0.203** | 0.265*** | 0.411*** |
| | (0.170) | (0.032) | (0.131) | (0.080) | (0.087) | (0.158) |
| Age | -0.001 | -0.001 | 0.004* | 0.007*** | 0.001 | 0.014*** |
| | (0.004) | (0.001) | (0.002) | (0.002) | (0.003) | (0.006) |
| EI × Age | -0.005 | -0.002 | -0.006 | 0.001 | -0.005 | 0.015 |
| | (0.009) | (0.002) | (0.007) | (0.004) | (0.006) | (0.011) |
| Hand-to-mouth | 0.770*** | 0.175*** | | | | |
| | (0.136) | (0.027) | | | | |
| EI × Hand-to-mouth | -0.573* | -0.131 | | | | |
| | (0.346) | (0.080) | | | | |
| Received inheritance | 1.365*** | -0.038** | -0.106* | 0.052 | 0.152*** | -0.038 |
| | (0.122) | (0.019) | (0.062) | (0.043) | (0.054) | (0.093) |
| N | 8,156 | 6,077 | 8,156 | 6,756 | 8,156 | 1,302 |
| $R^2$ | | 0.69 | | 0.42 | | 0.25 |
| Pseudo-$R^2$ | 0.77 | | 0.29 | | 0.31 | |

All regressions include the full set of controls described in Section 3.1 and are weighted using survey weights. Columns 1, 3, and 5 report probit coefficients; marginal effects are not reported when interactions with continuous variables are included.

Table 6: Effect of expected inheritance on indebtedness

| | Housing debt | | Consumption debt | |
|---|---|---|---|---|
| | (1) Probability of holding debt | (2) Amount | (3) Probability of holding debt | (4) Amount |
| Expected inheritance | -0.127 | -0.310 | 0.220** | -0.243 |
| | (0.137) | (0.216) | (0.112) | (0.270) |
| Age | -0.044*** | -0.032*** | -0.022*** | -0.013 |
| | (0.005) | (0.010) | (0.004) | (0.011) |
| EI × Age | -0.016* | -0.009 | 0.006 | -0.014 |
| | (0.008) | (0.009) | (0.007) | (0.015) |
| Hand-to-mouth | 0.349*** | 0.108 | 0.049 | -0.138 |
| | (0.081) | (0.107) | (0.086) | (0.178) |
| EI × Hand-to-mouth | -0.597*** | 0.095 | 0.380** | -0.074 |
| | (0.216) | (0.259) | (0.178) | (0.343) |
| Received inheritance | -0.171** | -0.164* | 0.134** | -0.170 |
| | (0.067) | (0.094) | (0.067) | (0.144) |
| N | 8,156 | 737 | 8,156 | 629 |
| $R^2$ | | 0.29 | | 0.10 |
| Pseudo-$R^2$ | 0.23 | | 0.12 | |

All regressions include the full set of controls described in Section 3.1 and are weighted using survey weights. Columns 1 and 3 report probit coefficients; marginal effects are not reported when interactions with continuous variables are included.

# 5 Conclusions

This paper shows that inheritance expectations significantly shape households' economic behaviour well before transfers are realized. In particularly interestingly context such as Italy — where older cohorts hold a large share of net wealth and demographic ageing is expected to intensify further — we find that inheritance expectations are associated with higher consumption, lower saving and extensive margin effects on labour supply, changes in portfolio allocation and greater investment in education, underscoring an anticipatory channel through which intergenerational transfer of wealth influences economic choices. Consumption responses are partly financed through debt, particularly among liquidity-constrained households, suggesting that expectations can relax constraints even before resources materialize.

Since inheritance expectations are more prevalent among wealthier households, these dynamics may reinforce existing inequalities in consumption and investment. Policies aimed at addressing inequality should therefore consider not only realized inheritances, but also their anticipatory effects.

Future research could extend the analysis along a dynamic dimension, exploiting earlier SHIW waves and forthcoming ones to study whether and how the impact of inheritance expectations evolves as the economic relevance of intergenerational transfers changes over time.

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# A Questions on received and expected inheritances in the 2014 Survey on Household Income and Wealth

Have you or a member of your household ever received an inheritance or a donation or some kind of gift of high monetary value? [**EREDONA**]

1 Yes

2 No → **EREDONC**

(If "Yes" ) How many significantly large goods or asset transfers have you received?

□□ [**EREQUANT**]

Consider each of the asset transfers that you or a member of your household has received, both as an inheritance and as a gift, and answer the following questions:

| | 1st good | 2nd good | 3rd good | 4th good | 5th good |
|---|---|---|---|---|---|
| What kind of good did you receive? [**TIPOTA1..5**] | | | | | |
| - Cash | 1 | 1 | 1 | 1 | 1 |
| - Property | 2 | 2 | 2 | 2 | 2 |
| - Rights to use properties | 3 | 3 | 3 | 3 | 3 |
| - Land | 4 | 4 | 4 | 4 | 4 |
| - Bonds or shares | 5 | 5 | 5 | 5 | 5 |
| - Jewellery or works of art | 6 | 6 | 6 | 6 | 6 |
| - Life insurances | 7 | 7 | 7 | 7 | 7 |
| - Other (please specify) | 8 | 8 | 8 | 8 | 8 |
| Did you receive the good as an inheritance or a donation? [**ERA1..5**] | | | | | |
| - Inheritance | 1 | 1 | 1 | 1 | 1 |
| - Donation | 2 | 2 | 2 | 2 | 2 |
| From whom? [**DAGENA1..5**] | | | | | |
| - Parents or grandparents | 1 | 1 | 1 | 1 | 1 |
| - Other persons | 2 | 2 | 2 | 2 | 2 |
| Year of transfer [**ANNOTA1..5**] | □□□□ | □□□□ | □□□□ | □□□□ | □□□□ |
| Value at receipt [**VALTA1..5**] | €... | €... | €... | €... | €... |

Do you or does another member of your household expect to receive inheritances, donations or other gifts of value in the future? [**EREDONC**]

1 Yes

2 No

# B Additional tables

Table B.1: Expected and received inheritance by quintiles of income and wealth

| Panel A: Income quintiles | | | | |
|---|---|---|---|---|
| | Inheritance received and expected | Inheritance received and not expected | Inheritance not received but expected | Inheritance neither received nor expected |
| 1 | 1.41 | 18.88 | 6.78 | 72.93 |
| 2 | 2.47 | 25.90 | 8.01 | 63.63 |
| 3 | 4.46 | 28.78 | 9.38 | 57.38 |
| 4 | 6.90 | 33.17 | 9.44 | 50.49 |
| 5 | 12.89 | 36.10 | 10.06 | 40.95 |
| Total | 5.62 | 28.56 | 8.73 | 57.08 |
| Panel B: Wealth quintiles | | | | |
| | Inheritance received and expected | Inheritance received and not expected | Inheritance not received but expected | Inheritance neither received nor expected |
| 1 | 0.45 | 2.26 | 11.12 | 86.17 |
| 2 | 2.39 | 26.29 | 11.62 | 59.69 |
| 3 | 6.66 | 35.10 | 6.77 | 51.47 |
| 4 | 6.65 | 32.66 | 7.49 | 53.20 |
| 5 | 11.99 | 46.63 | 6.65 | 34.73 |
| Total | 5.62 | 28.56 | 8.73 | 57.08 |

The table reports the shares of households that have received and expect to receive inheritances by household income and net wealth quintiles. Percentages and weighted values are computed using survey weights.

Table B.2: Expected and received inheritance by parents' status

| | Inheritance received and expected | Inheritance received and not expected | Inheritance not received but expected | Inheritance not received and not expected |
|---|---|---|---|---|
| Parents alive | 9.5 | 21.8 | 14.8 | 53.8 |
| No living parents | 1.1 | 36.3 | 1.7 | 60.8 |
| Total | 5.6 | 28.6 | 8.7 | 57.1 |

The table reports the shares of households that have received and expect to receive inheritances by whether parents were alive at the time of the interview. Parents of both the reference person and the spouse/partner are included. Percentages and weighted values are computed using survey weights.

Table B.3: Effect of expected inheritance on total wealth

| | (1) Gross wealth | (2) Net wealth |
|---|---|---|
| Expected inheritance | -0.005 | -0.027 |
| | (0.082) | (0.082) |
| Age | 0.003 | 0.003 |
| | (0.002) | (0.002) |
| EI × Age | 0.001 | 0.001 |
| | (0.005) | (0.005) |
| Hand-to-mouth | -0.583*** | -0.519*** |
| | (0.074) | (0.078) |
| EI × Hand-to-mouth | 0.089 | 0.203 |
| | (0.206) | (0.226) |
| Received inheritance | 0.928*** | 0.901*** |
| | (0.039) | (0.039) |
| N | 7,965 | 7,753 |
| $R^2$ | 0.51 | 0.50 |

All regressions include the full set of controls described in Section 3.1, with the exception of net wealth quintiles, and are weighted using survey weights.