

With inheritance about to divide millennials into haves and have-nots, solidarity comes at a price
By Elle Hunt, *The Guardian*, January 3rd, 2024

The millennial generation, we've long been told, is also generation rent: prevented from buying a home of their own, and growing their wealth with it, by an unfavourable economy or too much avocado toast, depending on who you ask.

5 The stats are by now familiar, but dismal nonetheless. The rate of home ownership has plummeted due to coalescing crises of pricing and supply. In 2017, 35% of 25- to 34-year-olds were homeowners, compared with 55% in 1997; the issue has only worsened in the half-decade since. In 2022, just 10% of homeowners in England were aged under 35.

10 The economic short straw drawn by the millennial generation has been one of its defining traits, and source of fractious comparison with baby boomers in particular. The divide often described between the two was always a simplification, but now it's breaking down as older generations begin to share their good fortune with their children. The image of millennials as reluctant forever-renters is increasingly being tested by the transfer of intergenerational wealth, always looming but hastened by the pandemic.

15 According to Treasury figures, inheritance tax (IHT) reached a record £7.1bn in the most recent tax year. The 2021-22 year was also record-breaking, with £6.1bn: itself an increase of 14% on the preceding period. With the pandemic, the transfer of wealth from one generation to the next was suddenly and unexpectedly sped up.

As you'd expect, inheritance tax is a concern only for the wealthiest Britons. But many wealthy families also engage in "giving while living" so as to minimise tax.

20 For the best part of a decade, we have been characterised (and characterised ourselves) as struggling and structurally disadvantaged. For many, of course, that remains the case. But the uneven distribution of Covid-driven change means that many people in their 20s and 30s, who might truthfully have said in 2019 that they had no hope of ever getting on the property ladder, have since had their fortunes unexpectedly changed.

25 It forces the question of how we talk about generational inequality, and how we act when it no longer applies to us. Increasingly, in this so-called "asset economy", family wealth, inheritance and class are being recognised as more relevant to your disadvantage than the year in which you were born.

30 Responding to findings of "giving while living", Prof James Sefton, of Imperial College Business School, suggested that the fact that older generations are "passing down what they can" was proof that the divide between boomers and millennials was overstated, if not unnecessary.

35 The "wealth transfer" under way is driving an increasingly pointy wedge between us. Will those who find themselves lifted up on to the property ladder continue to act in the interests of those lifelong renters, whose ranks they'd always believed they'd belong to? Or will they act to protect their new assets?

Only time will tell if millennials will remain so fair-minded at the expense of their own pocket linings. In the meantime, we should try to do away with superficial divisions between generations, and seek solidarity along more meaningful lines than the year we were born.