

Intergenerational divides

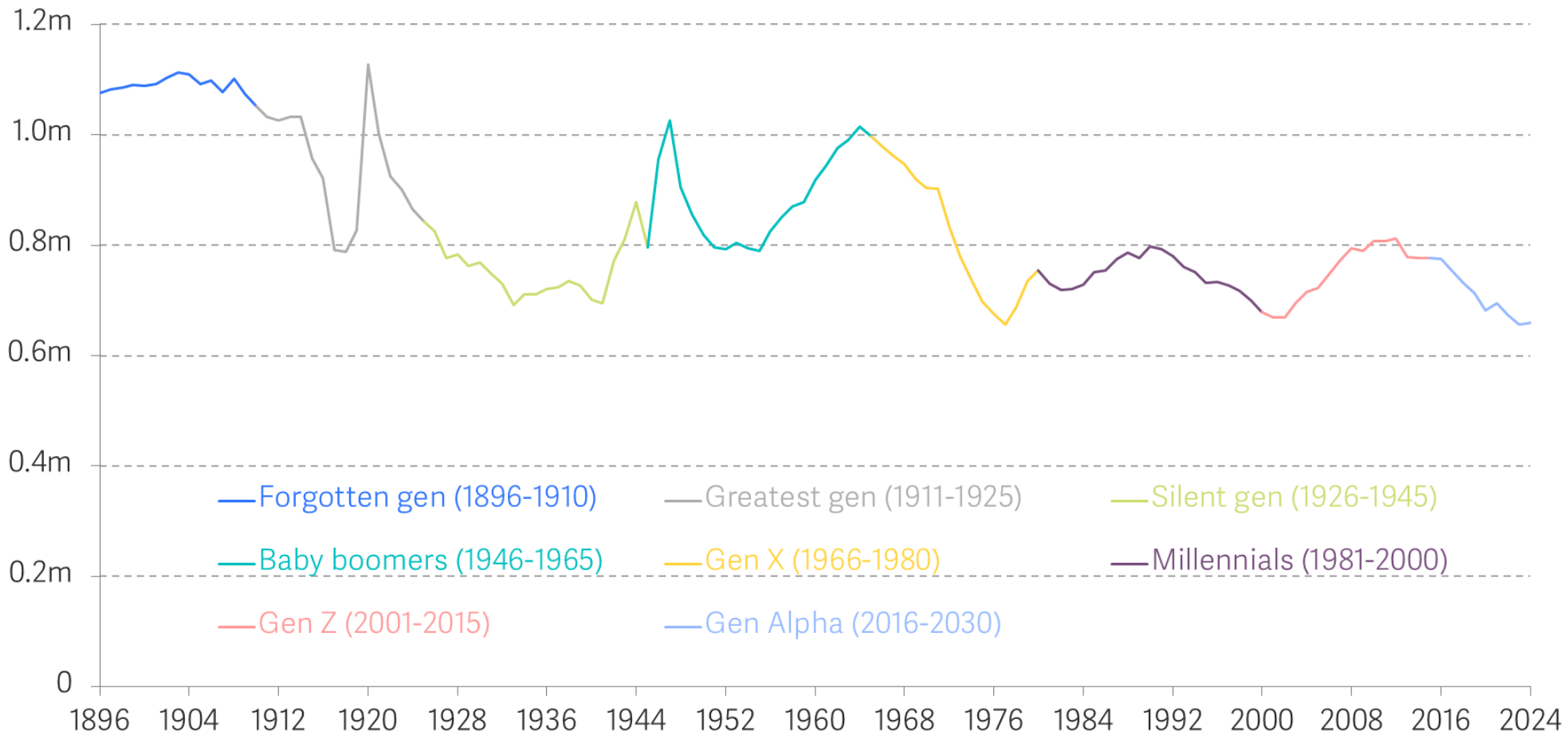
And what can be done about them

David Willetts, President, Resolution Foundation

Intergenerational Rebalancing, Institute for Fiscal Studies, 15th
May 2026

Cohort size matters

Number of live births: UK

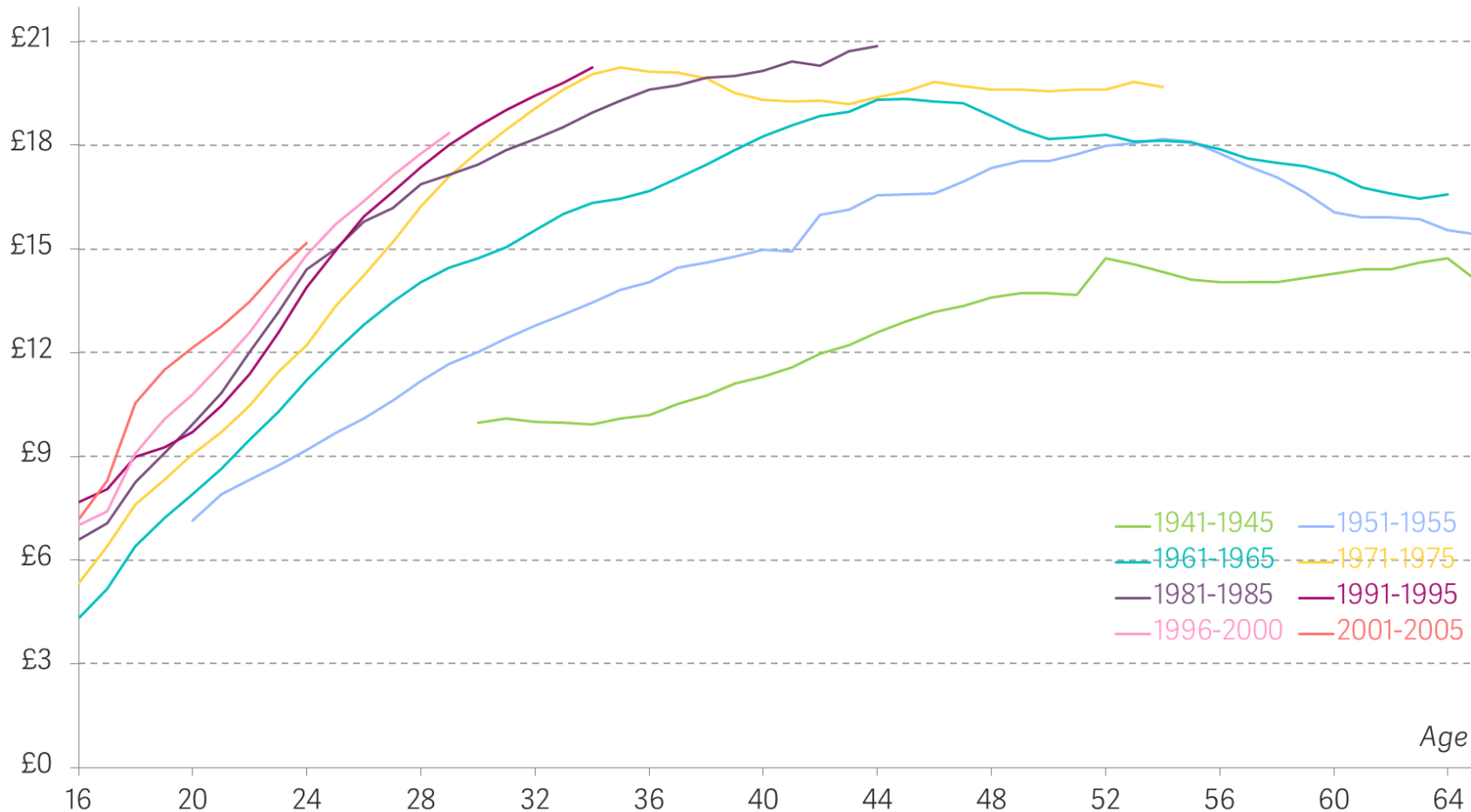


Source: RF analysis of NISRA, Northern Ireland births; NRS, Births in Scotland; ONS, Births in England & Wales.

Incomes: earnings and welfare

Earnings gains of successive cohorts are not what they once were

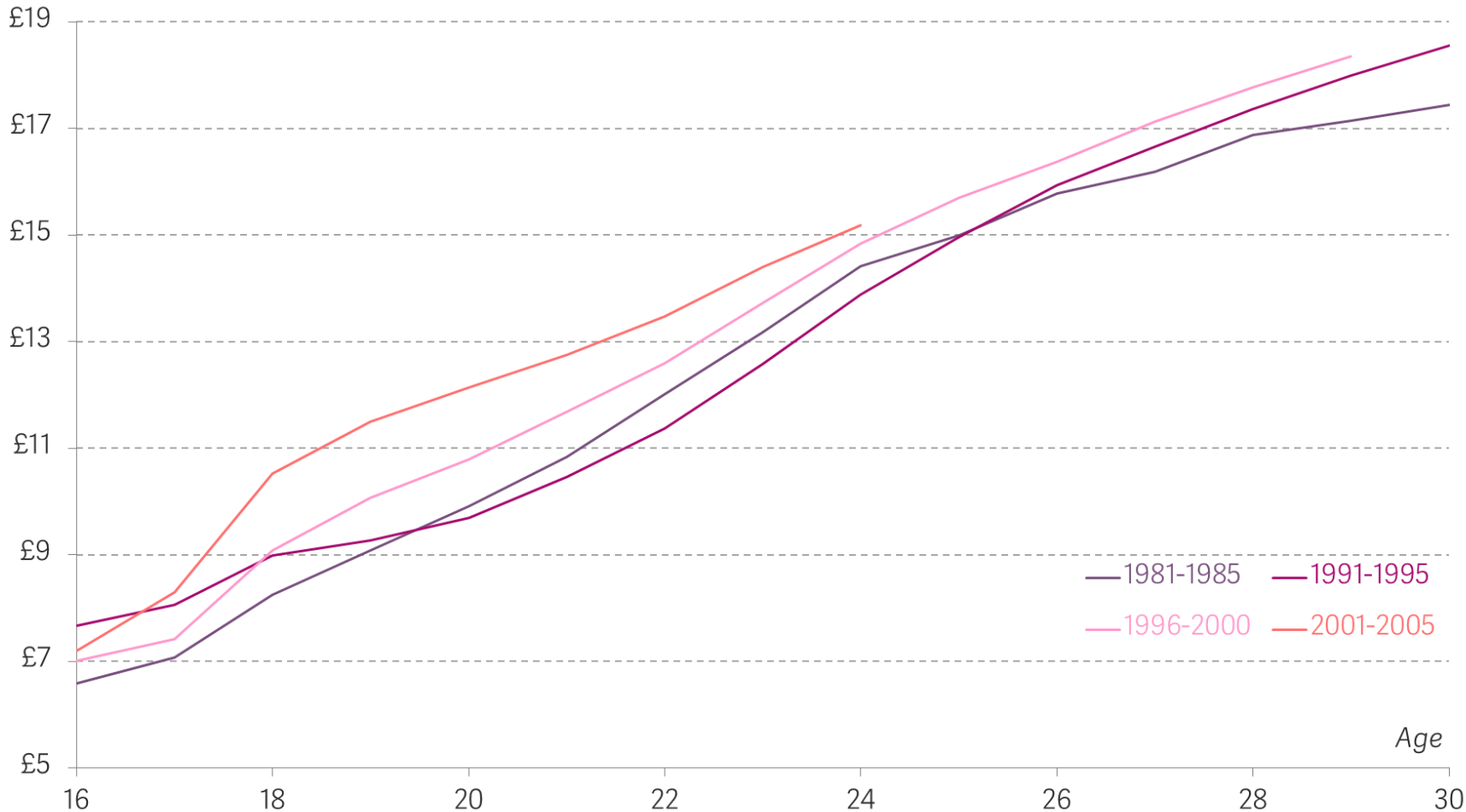
Median real hourly employee pay, by cohort: UK, 1975 to 2025



Notes: Adjusted to 2026 prices using CPI.
Source: RF analysis of ONS, New Earnings Survey (1975-97); ONS, Annual Survey of Hours and Earnings (1997-latest); ONS, CPI inflation series.

A fast-rising minimum wage has benefited younger ages

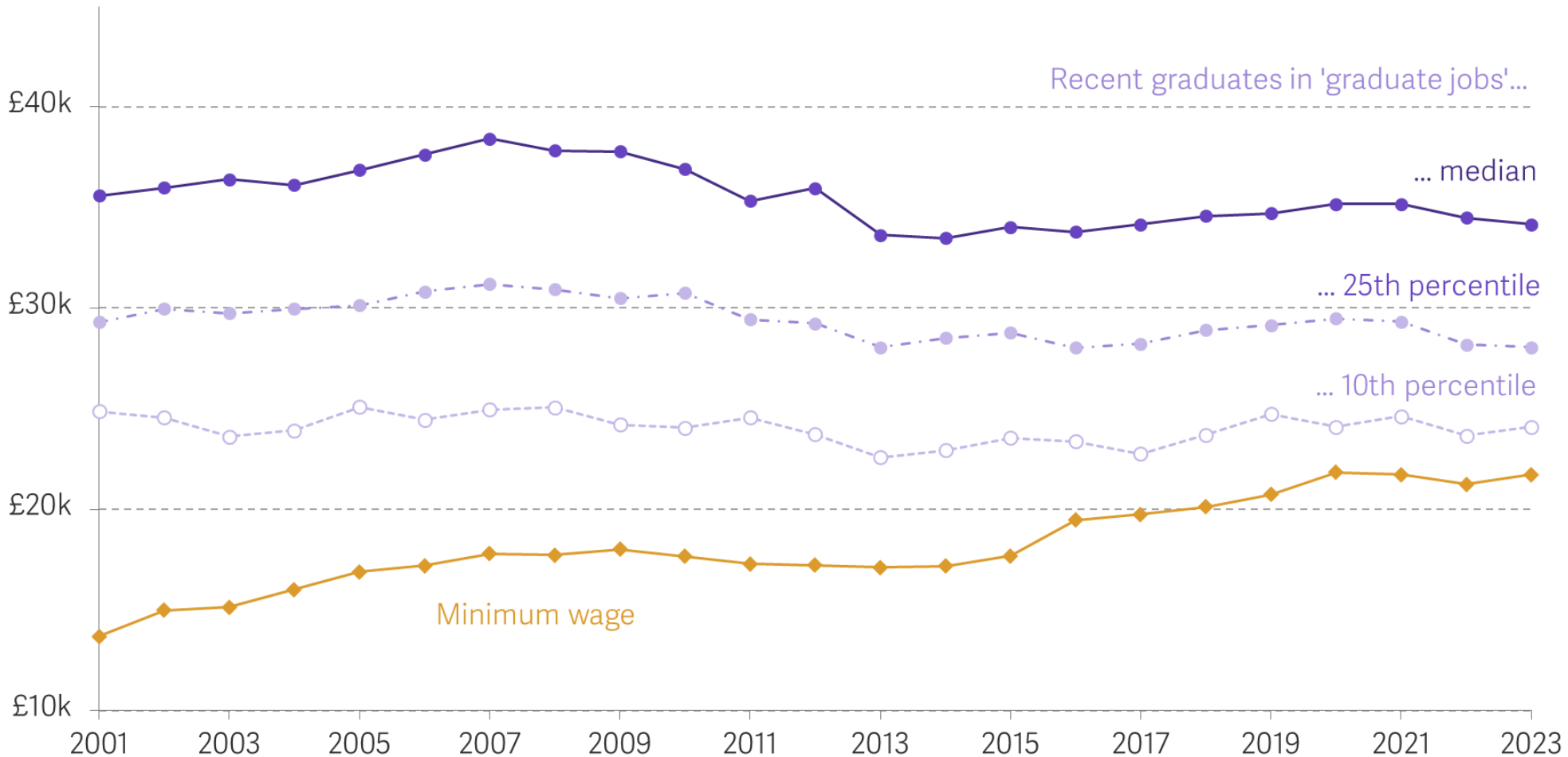
Median real hourly employee pay, by cohort: UK, 1975 to 2025



Notes: Adjusted to 2026 prices using CPI.
Source: RF analysis of ONS, New Earnings Survey (1975-97); ONS, Annual Survey of Hours and Earnings (1997-latest); ONS, CPI inflation series.

The minimum wage is closing the pay gap with recent graduates

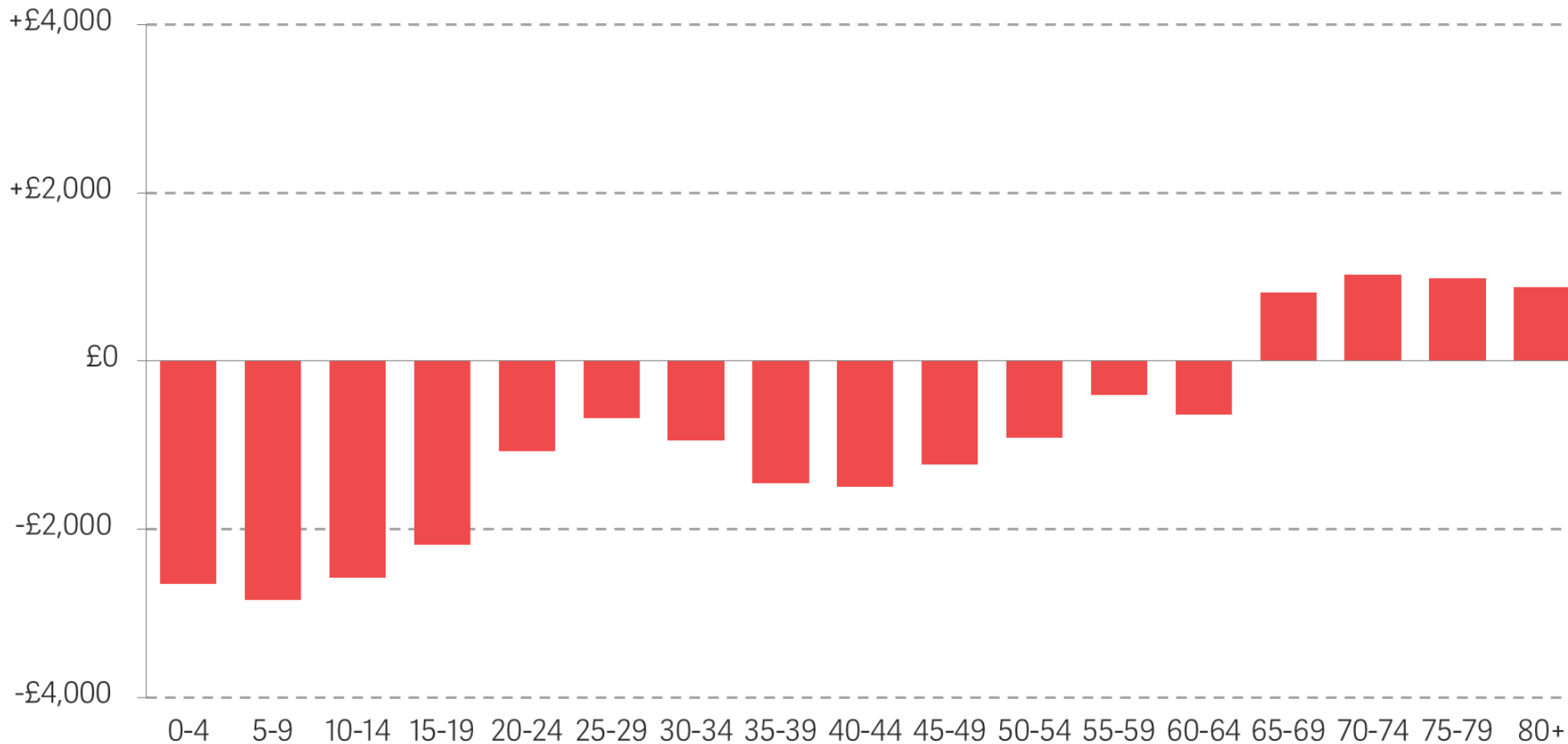
Real full-time annual earnings for someone on the minimum wage and different categories of graduates: UK



Notes: Adjusted for CPI inflation. Recent graduates defined as those with a qualification at Level 4 or above and who have left education in the last five years. Graduate jobs defined using four-digit occupation codes set out in: P Elias & K Purcell, Classifying graduate occupations for the knowledge society, Institute for Employment Research Working Paper 5, February 2013. Full-time minimum wage equivalent assumes 40 hours a week. Source: RF analysis of ONS, Labour Force Survey.

Social security changes since 2010 have favoured older age groups

Impact of social security changes since 2010 on household incomes, by age: UK, 2024- 25

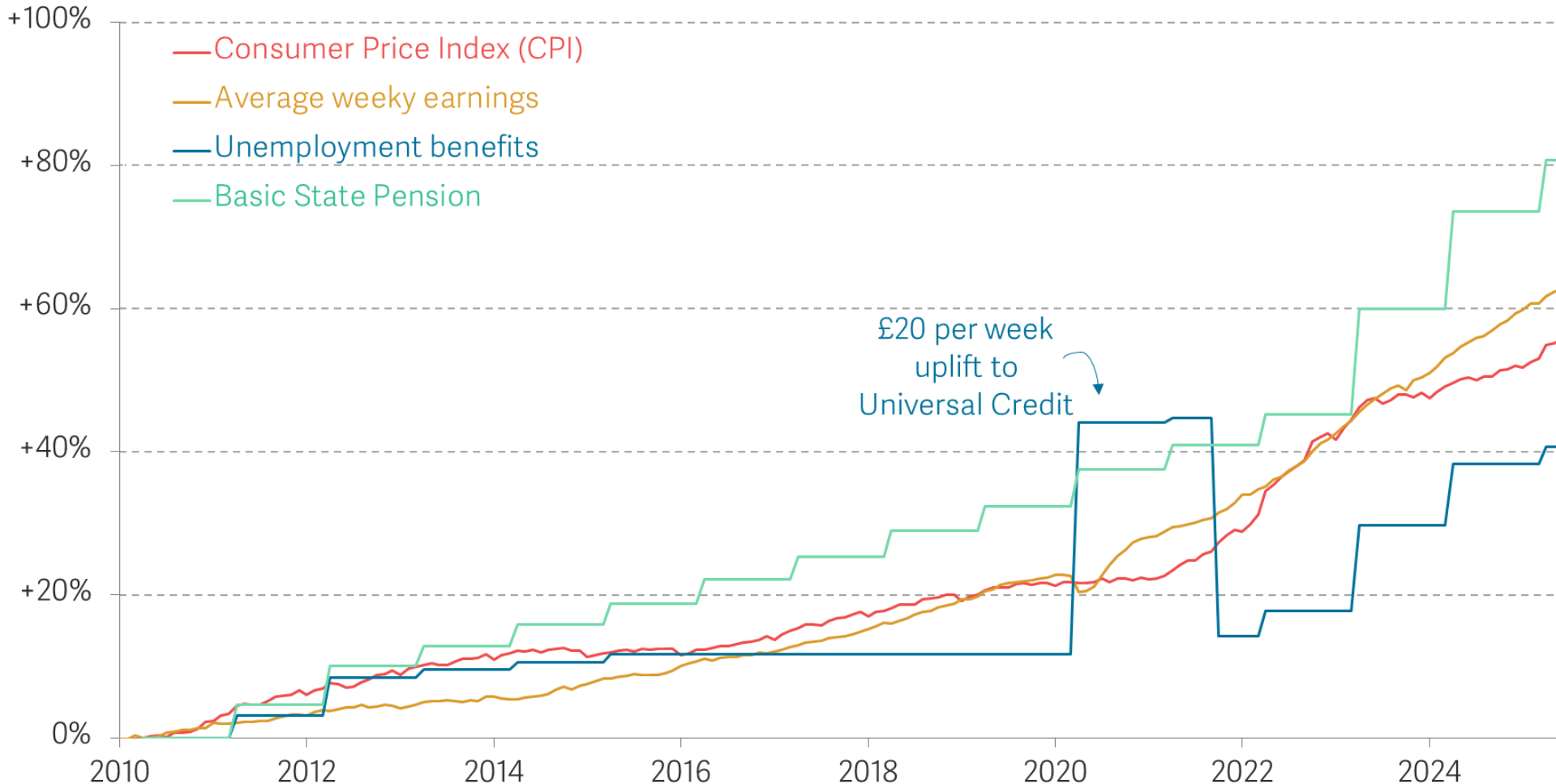


Non-pensioners are on average £1,400 a year worse off by 2024-25 compared to 2010-11, with pensioners over £900 better off.

Notes: Shows change in unequivalised annual household income per person. The UK tax system has been applied to Scotland.
Source: RF analysis of DWP, Family Resources Survey using the IPPR tax-benefit model

Pensioners have benefited from a rapidly rising State Pension

Change in the value of unemployment benefits, the Consumer Price Index, the Basic State Pension, and average weekly earnings since 2010: UK

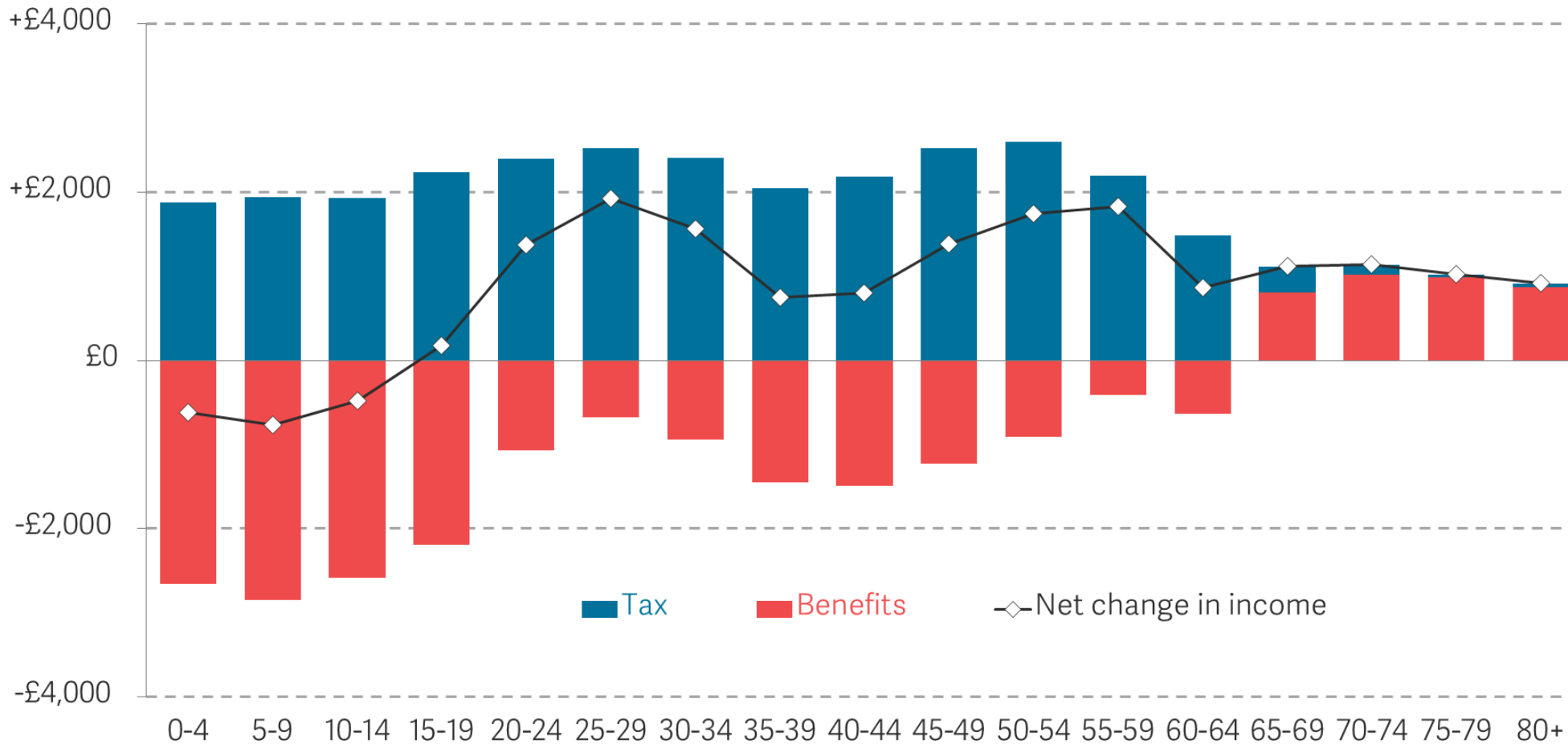


Triple lock spending is unsustainable (three times what was initially expected).

Notes: Unemployment benefits show Jobseeker's Allowance or Universal Credit for a single adult over 25. Source: RF analysis of ONS, Average Weekly Earnings; DWP, Abstract of Benefit Statistics.

Combining all tax and benefit changes since 2010 shows a more even picture across the age groups

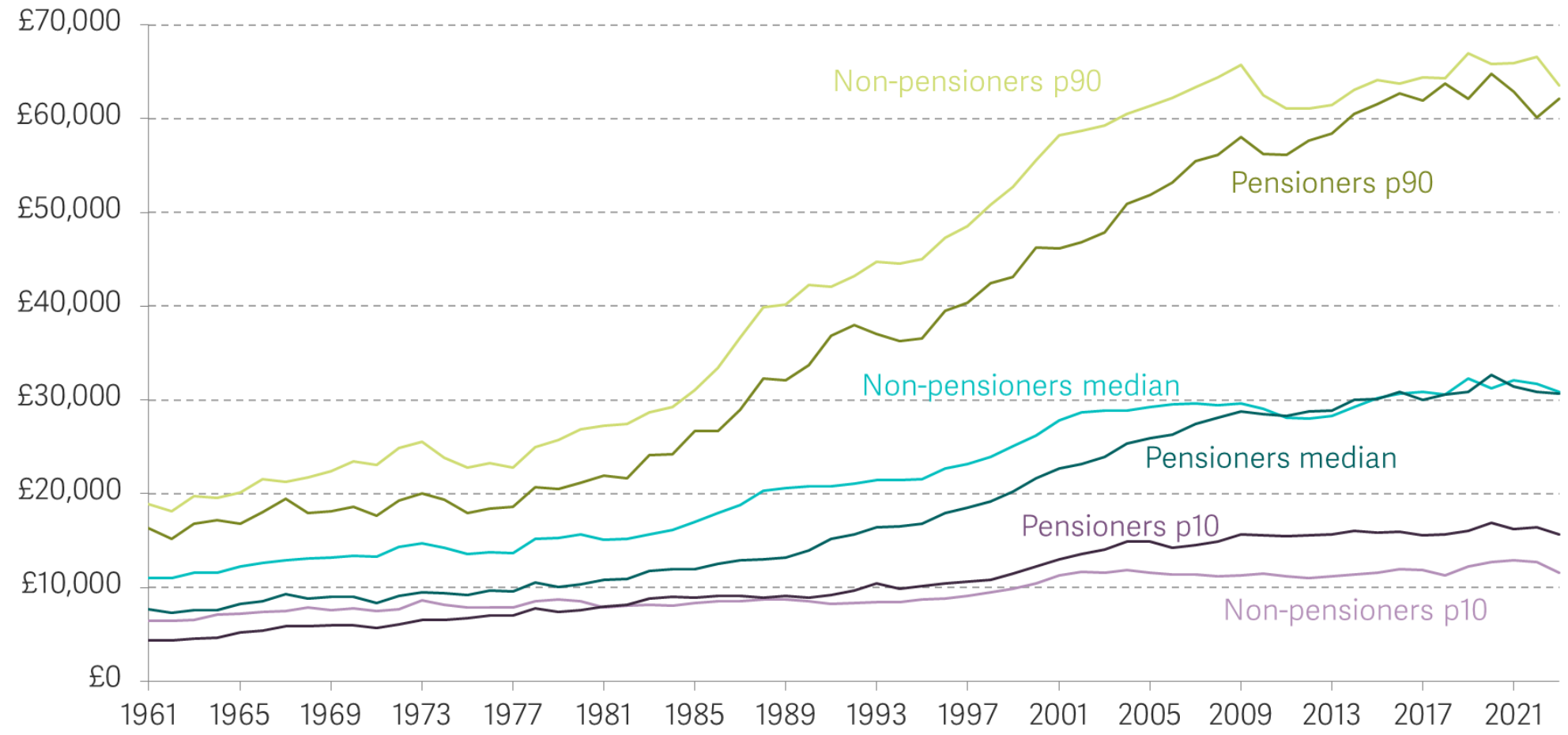
Impact of personal tax and benefit changes since 2010 on household incomes, by age: UK, 2024-25



Notes: Shows change in unequivalised annual household income per person. The UK tax system has been applied to Scotland. Source: RF analysis of DWP, Family Resources Survey using the IPPR tax-benefit model.

Overall, pensioners have caught up with working age incomes

Levels of real equivalised household disposable income, after housing costs, 1961-2023: GB/UK



Notes: Adjusted for inflation using CPI excluding housing costs. GB from 1994-95 to 2001-02.
Source: RF analysis of DWP & IFS, Households Below Average Income.

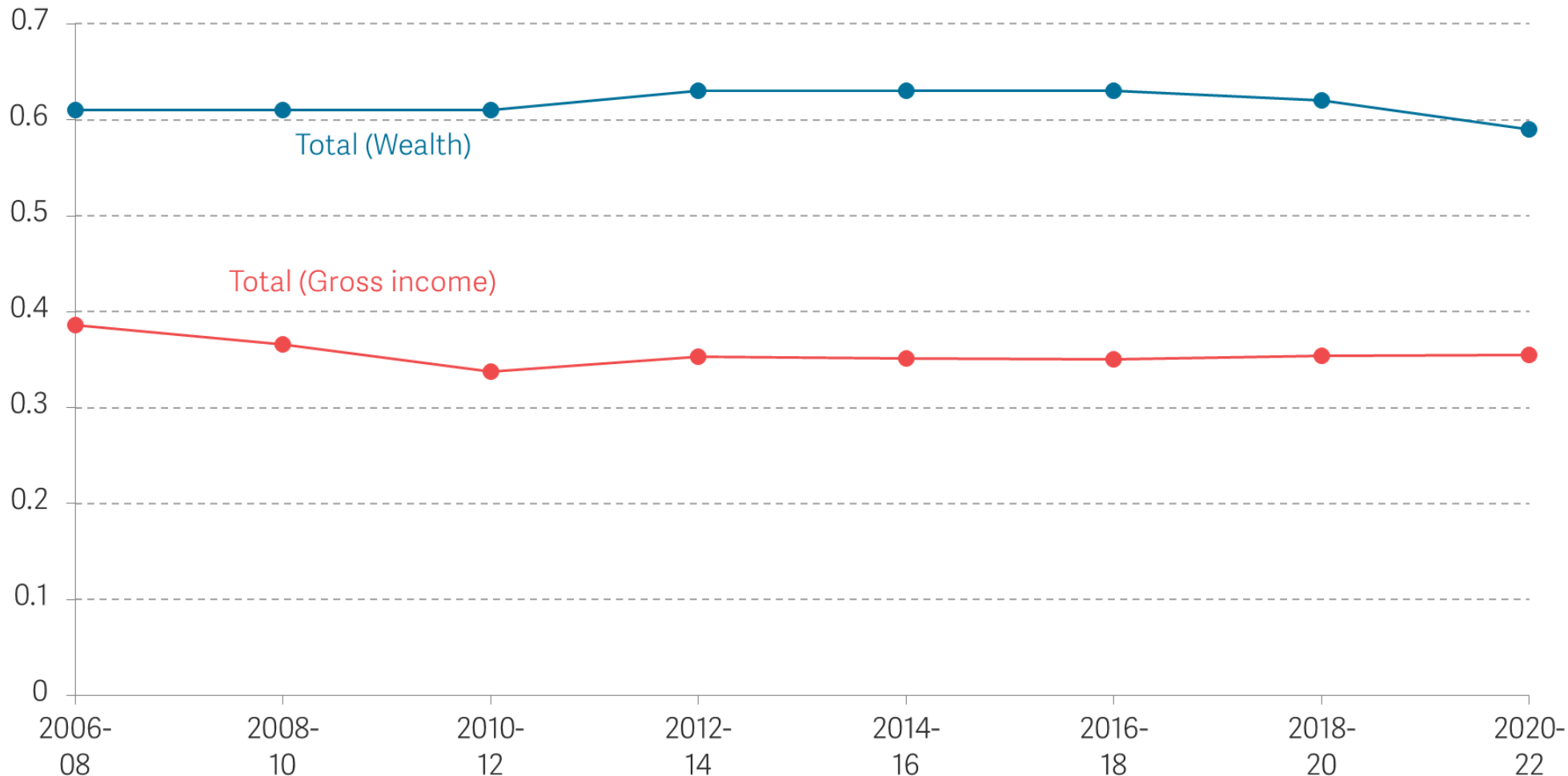
Policy proposals

1. Enable more young people to enjoy the premium of higher education with a stronger maintenance loan and grants offer.
2. Target more of the Growth and Skills Levy on young people.
3. Pause convergence of youth minimum wage with adult rate while youth unemployment elevated.

Wealth

Wealth inequality is higher than income inequality

Gini coefficients, by total wealth and gross income: GB

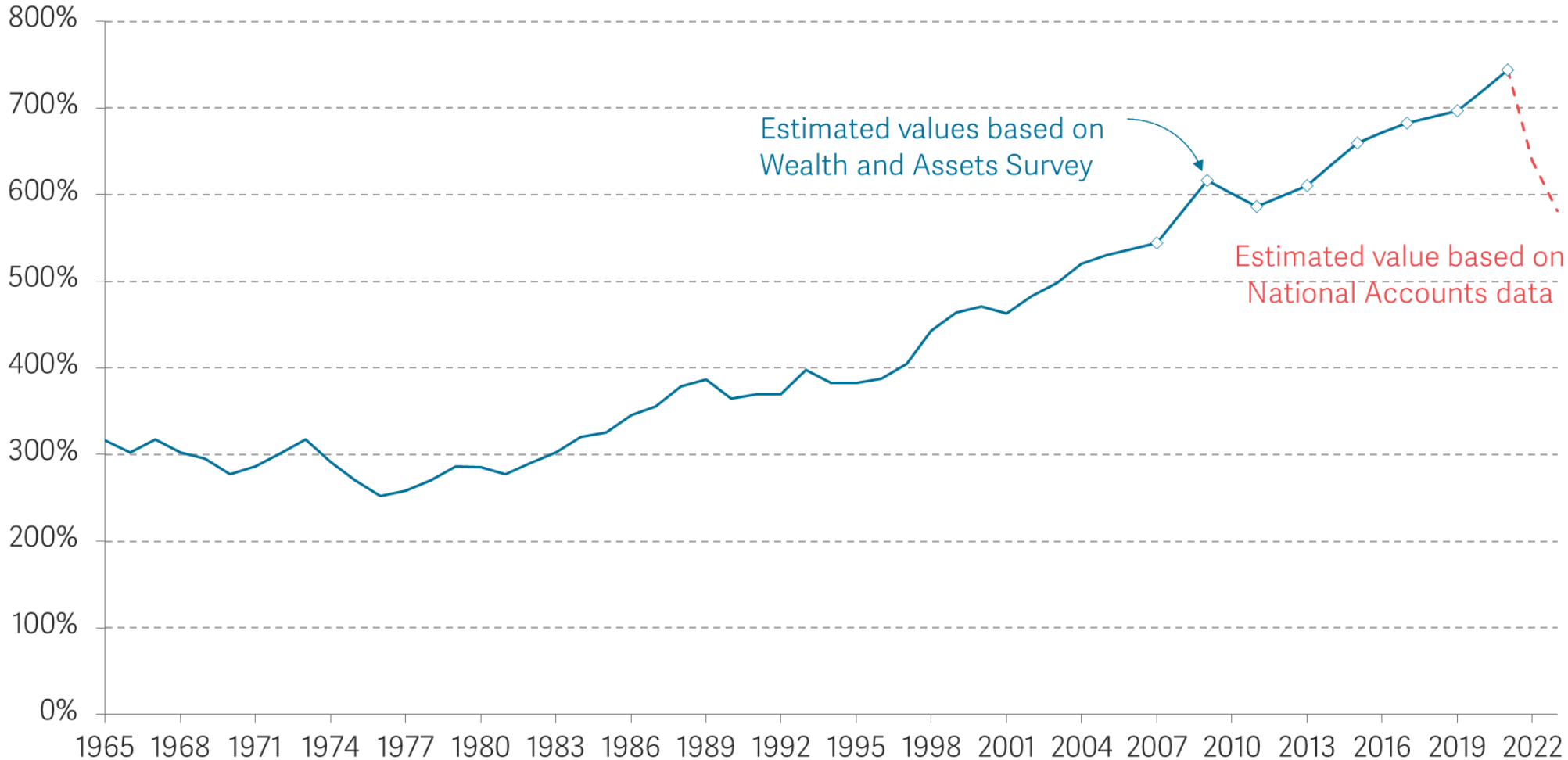


Notes: 2006-8 until 2012-14 refers to the period from July in the first year until June of the second year. Later data points refer to the standard financial year (April to March).

Source: ONS, Total Wealth: Wealth in Great Britain; ONS, The effects of taxes and benefits on household income, disposable income estimate.

Wealth levels have consistently risen relative to incomes for the last 40 years

Household wealth as a share of national income: UK/GB

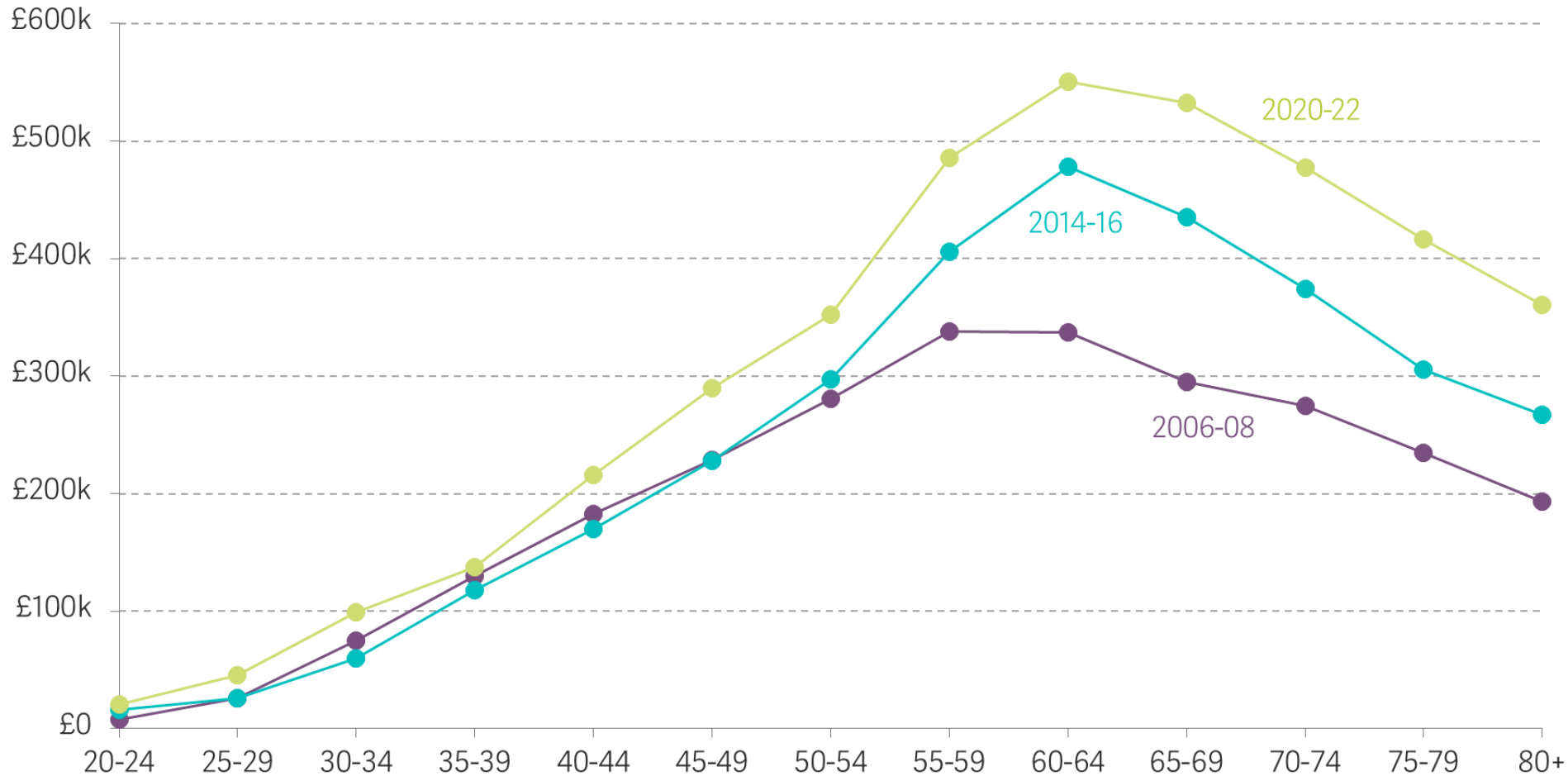


Household wealth falls after March 2022 due to higher interest rates

Source: Analysis of D Blake & J Orszag, 'Annual estimates of personal wealth holdings in the United Kingdom since 1948', Applied Financial Economics 9, 1999; ONS, UK National Accounts; ONS, Wealth and Assets Survey; ONS, Gross Domestic Product at market prices.

Baby Boomer wealth has surged at pension ages

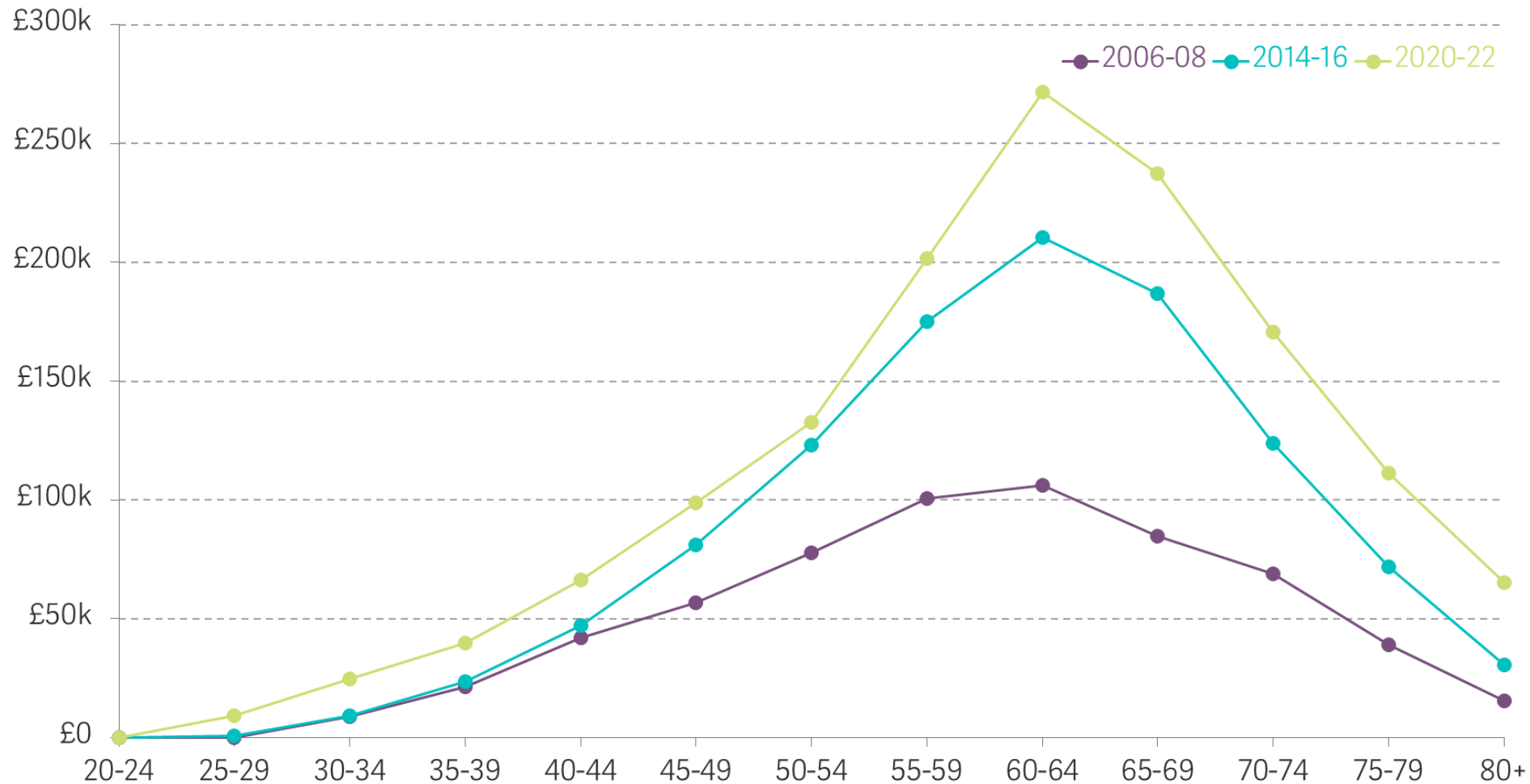
Median real total family net wealth per adult, by five-year age group: GB



Notes: CPIH adjusted to Feb 2026 prices
Source: RF analysis of ONS, Wealth and Assets Survey

Pension wealth has grown sharply among older ages

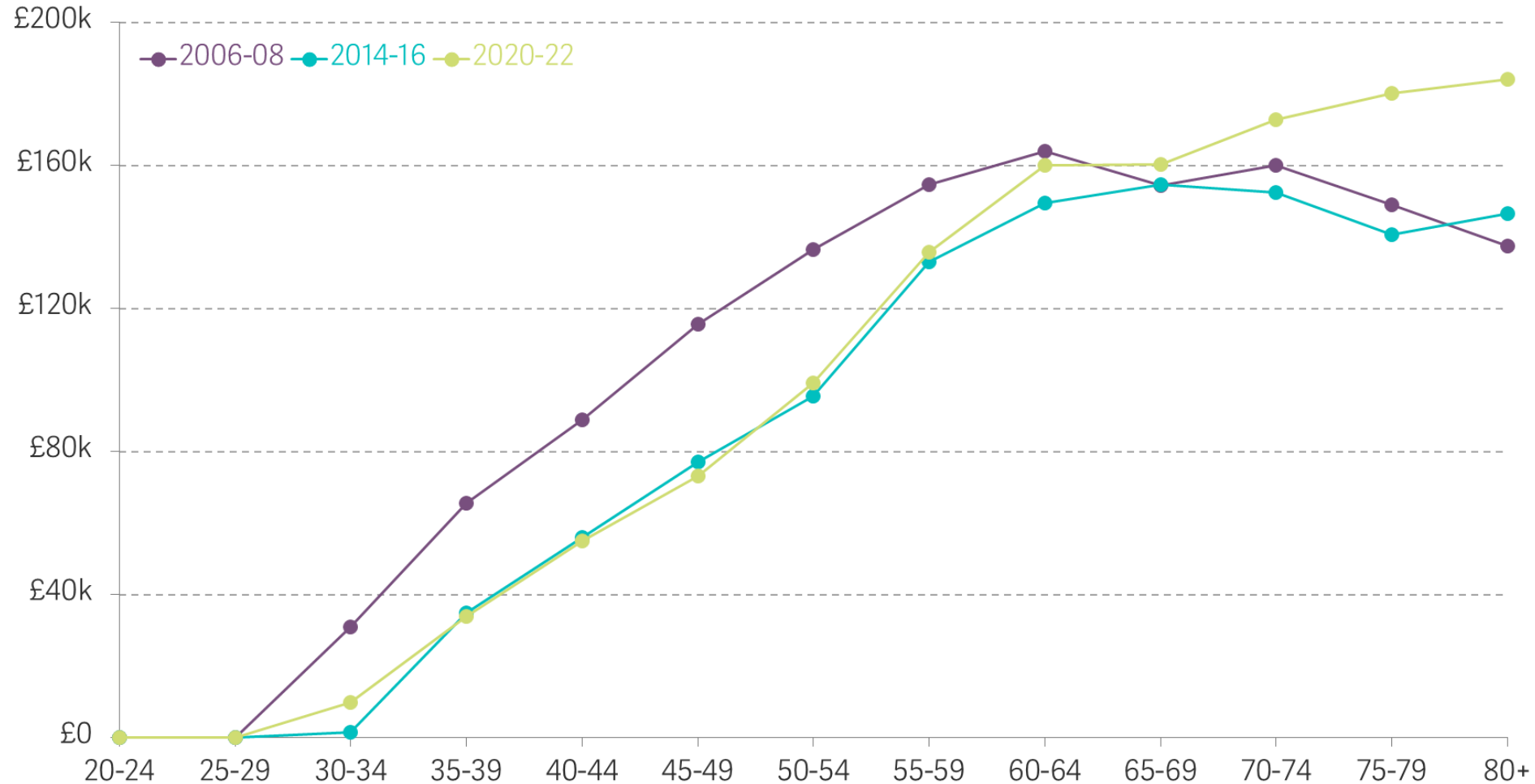
Median real pension wealth per adult, by five-year age group: GB



Notes: CPIH adjusted to Feb 2026 prices
Source: RF analysis of ONS, Wealth and Assets Survey

Housing wealth has decreased in working life, but grown at older ages

Median real net housing wealth per adult, by five-year age group: GB



Notes: CPIH adjusted to Feb 2026 prices
Source: RF analysis of ONS, Wealth and Assets Survey

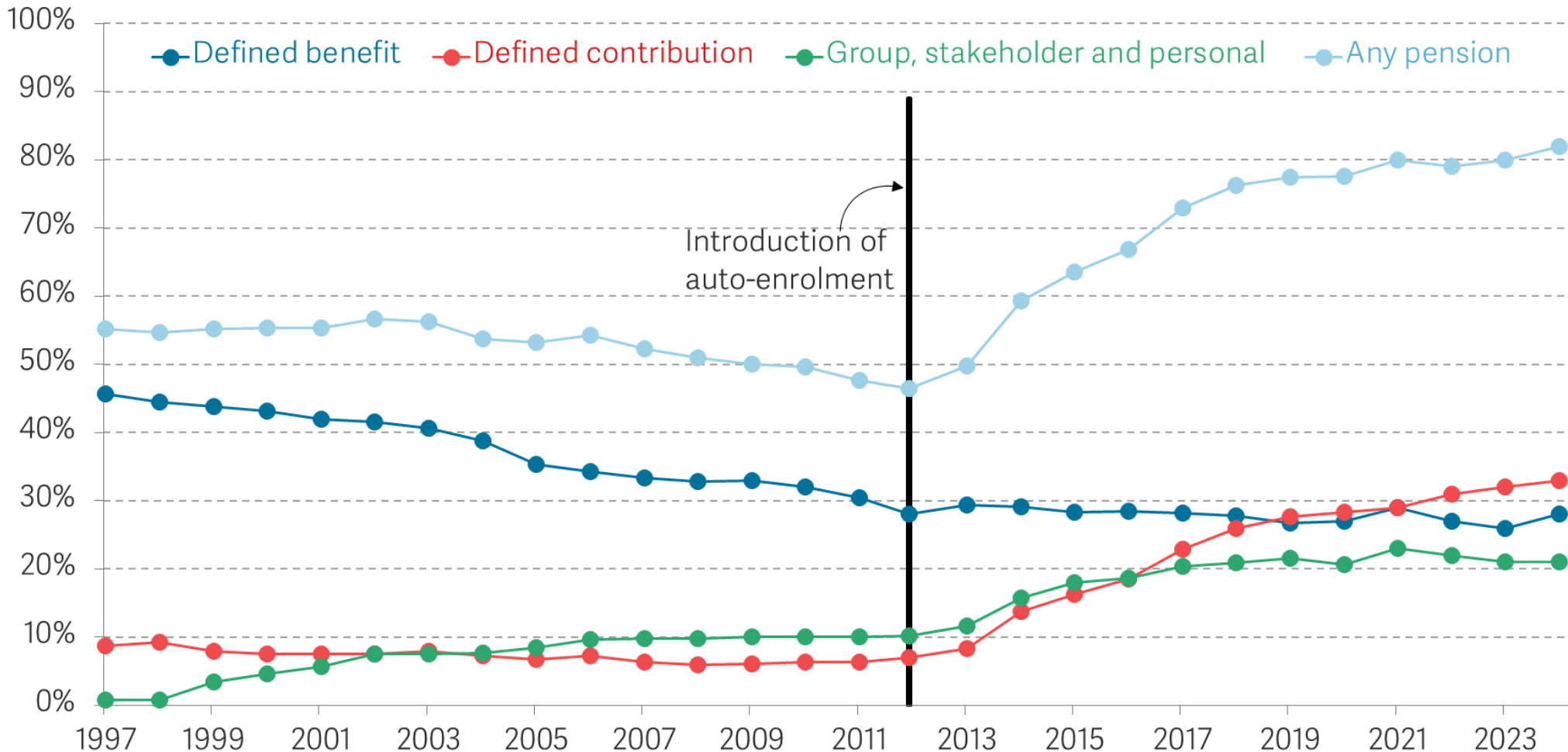
Policy proposals

4. Provide a citizen's capital grant of £10,000 to 25-year-olds to boost their asset ownership.
5. Funded by a reformed inheritance tax.

Pensions

Auto enrolment has been a success

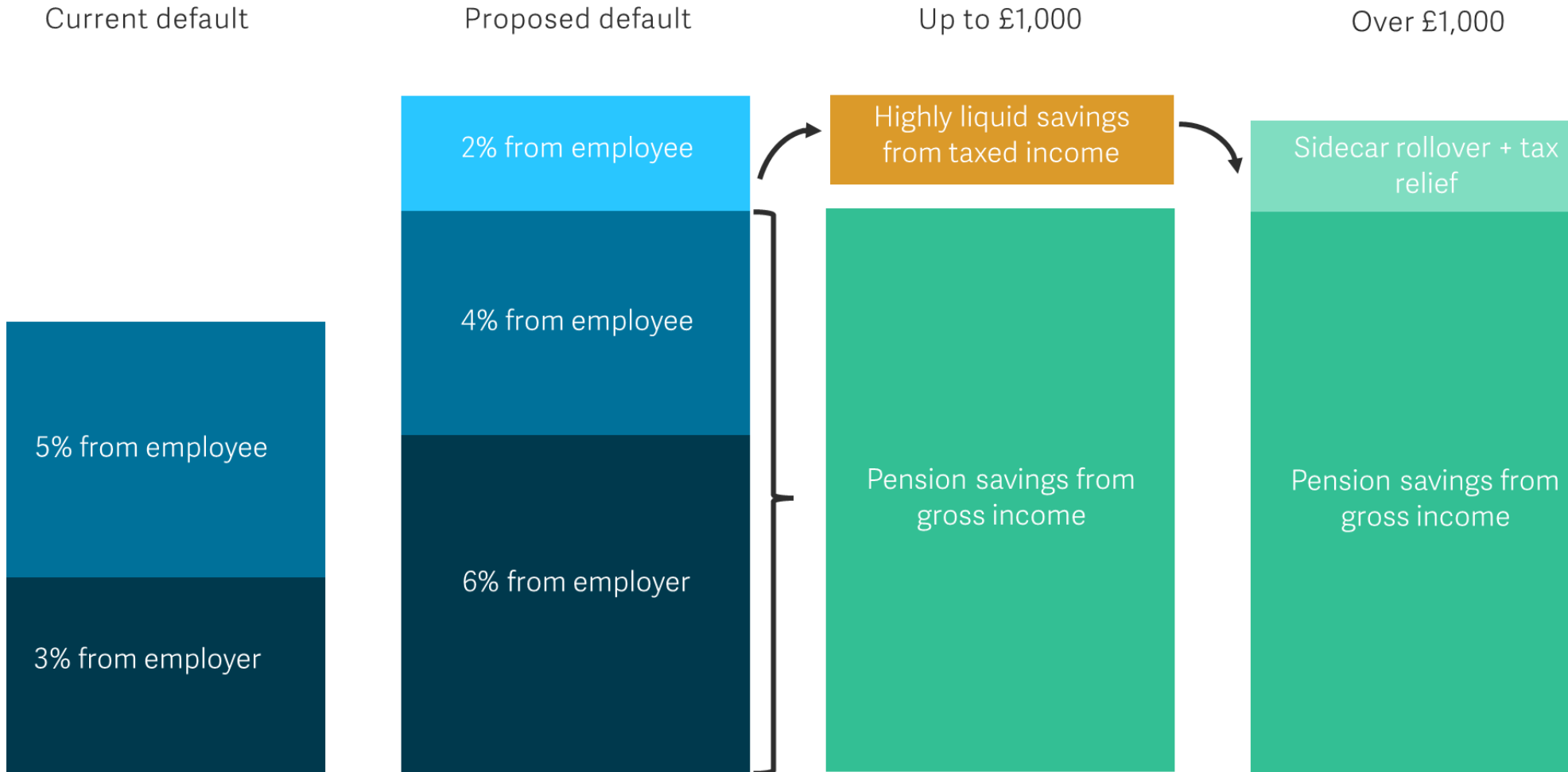
Proportion of employees with a workplace pension, by type of pension: UK



Notes: This chart was originally created by the ONS and has been adapted from their 'Summary of Pension Results: United Kingdom, 2024 provisional and 2021 to 2023 final estimates' release.
Source: ONS, Annual Survey of Hours and Earnings.

A pool of liquid savings could be built up in a highly liquid sidecar savings account

The operation of a sidecar savings scheme using the auto-enrolment infrastructure



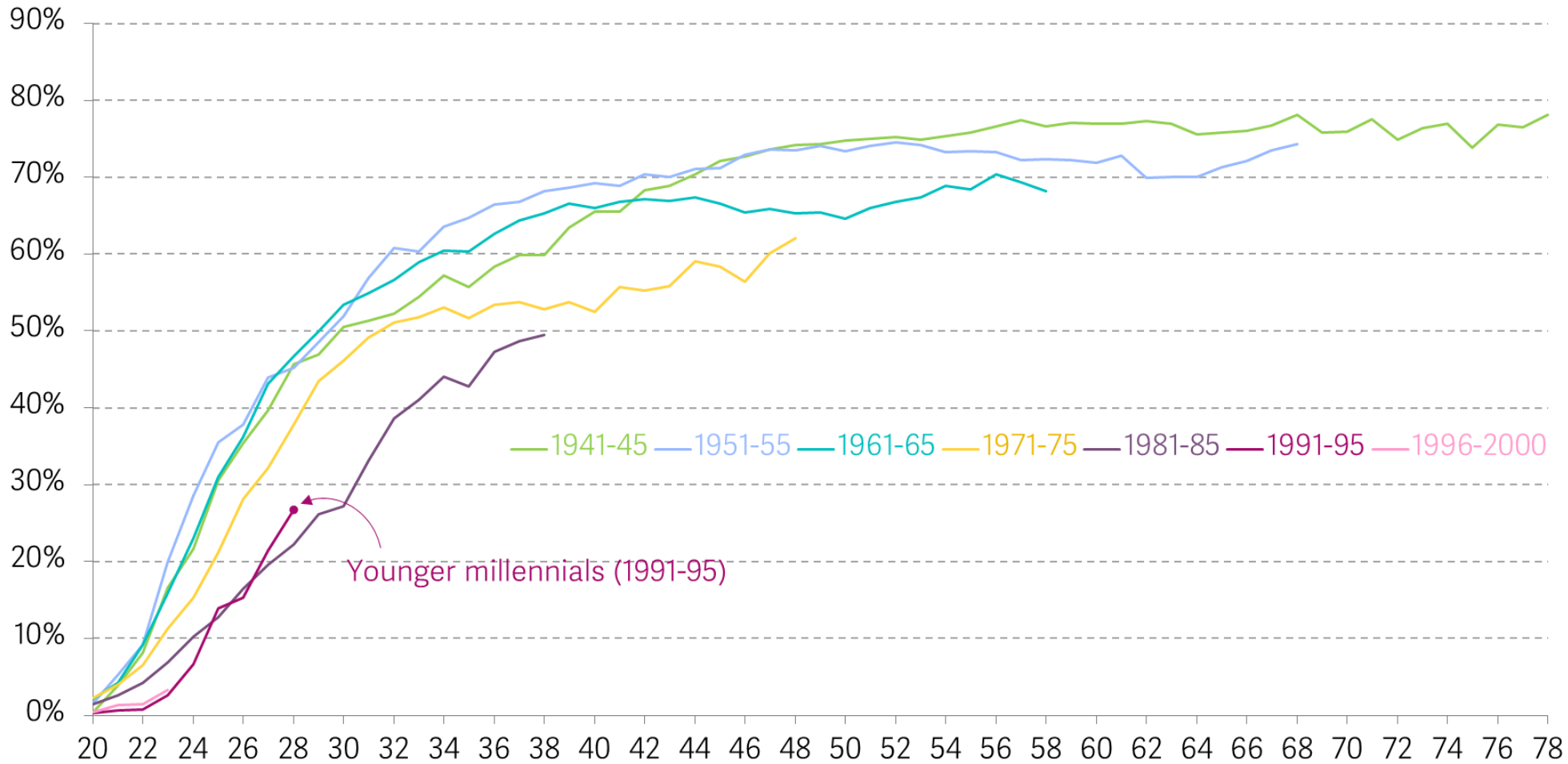
Policy proposals

6. End the triple lock uprating and replace with a smoothed earnings link.
7. Raise the State Pension age and the age for accessing tax relieved private pension pots.

Housing

Despite recent improvements, home ownership rates fall short of previous cohorts

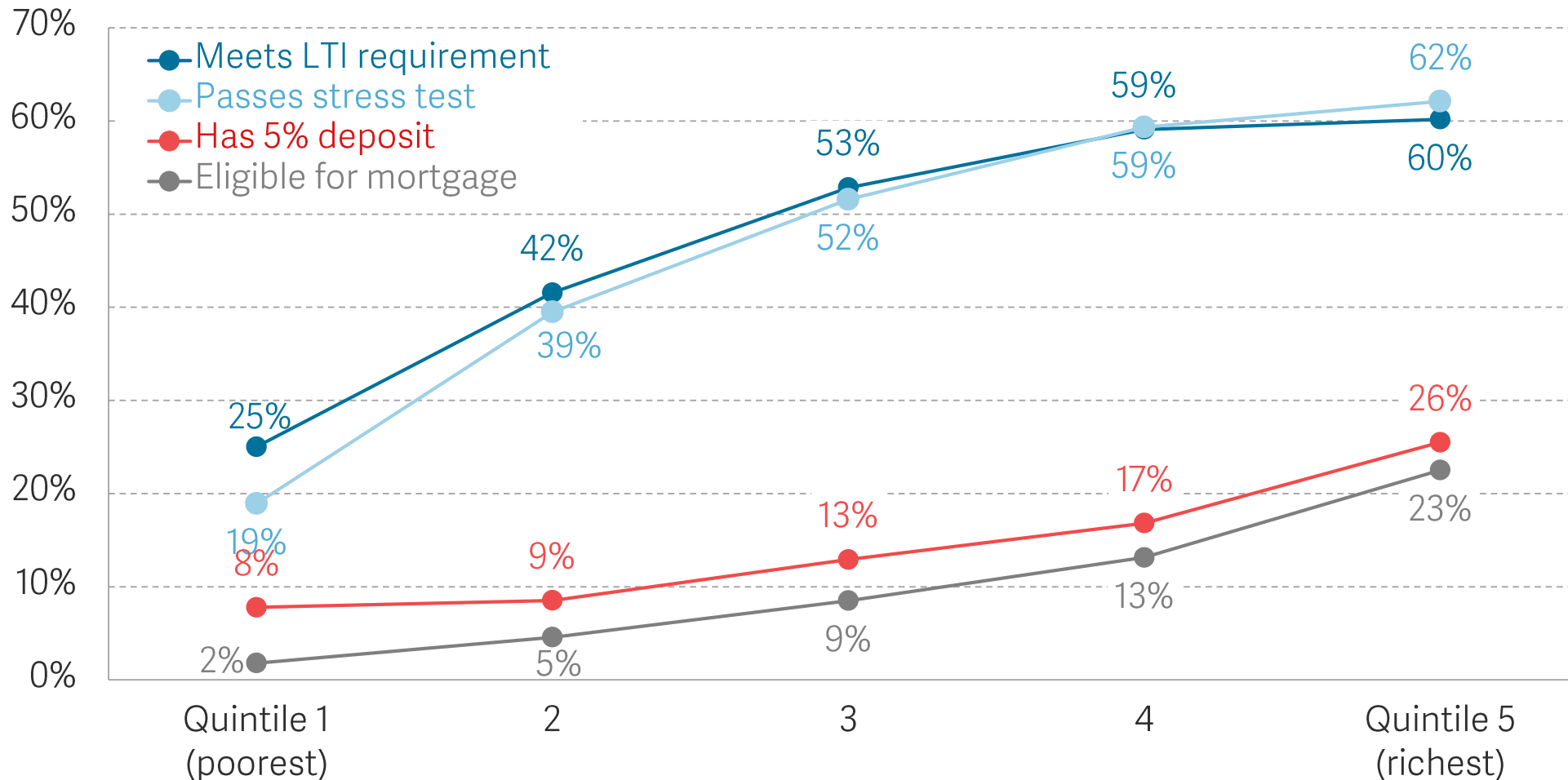
Proportion of family units owning a home, by age of head of family unit and birth cohort:
UK, 1961-2023-24



Notes: Figures for each cohort are derived from a weighted average of estimates by single year of age; cohorts are included if at least five birth years are present in the data. Prior to 2017, years are calendar years, from 2017, years are financial years.
Source: RF analysis of IFS, Households Below Average Income (1961-93); ONS, Labour Force Survey (1994-2016); DWP, Family Resources Survey (2017-2024).

Deposits are the main constraint facing potential FTBs

Proportion of potential first-time buyer households with income and/or savings to access a mortgage for a starter home in their region, by income quintile (before housing costs): GB, 2025-26 nowcast



Source: RF analysis of DWP, Households Below Average Income; HM Land Registry, Price Paid data; Registers of Scotland, House price statistics.

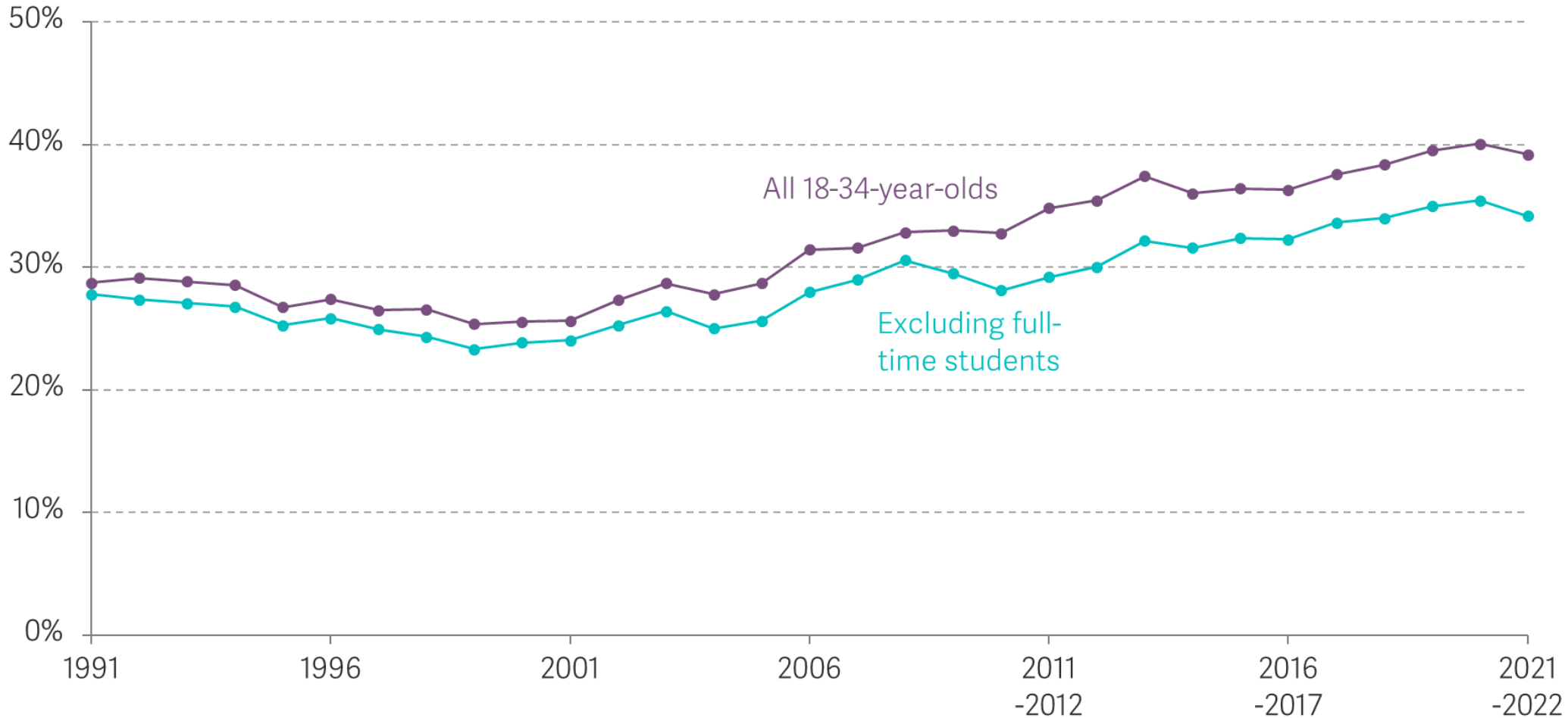
Policy proposals

8. Build more homes.
9. Reform lending rules on loan-to-income limits.
10. Introduce a highly targeted deposit support scheme. Provide FTBs with a loan from the government worth up to a 5 per cent deposit on a starter home, so long as a lender will give them a mortgage on the rest.

Intergenerational exchanges

Living with parents has been a growing phenomenon over the last generation

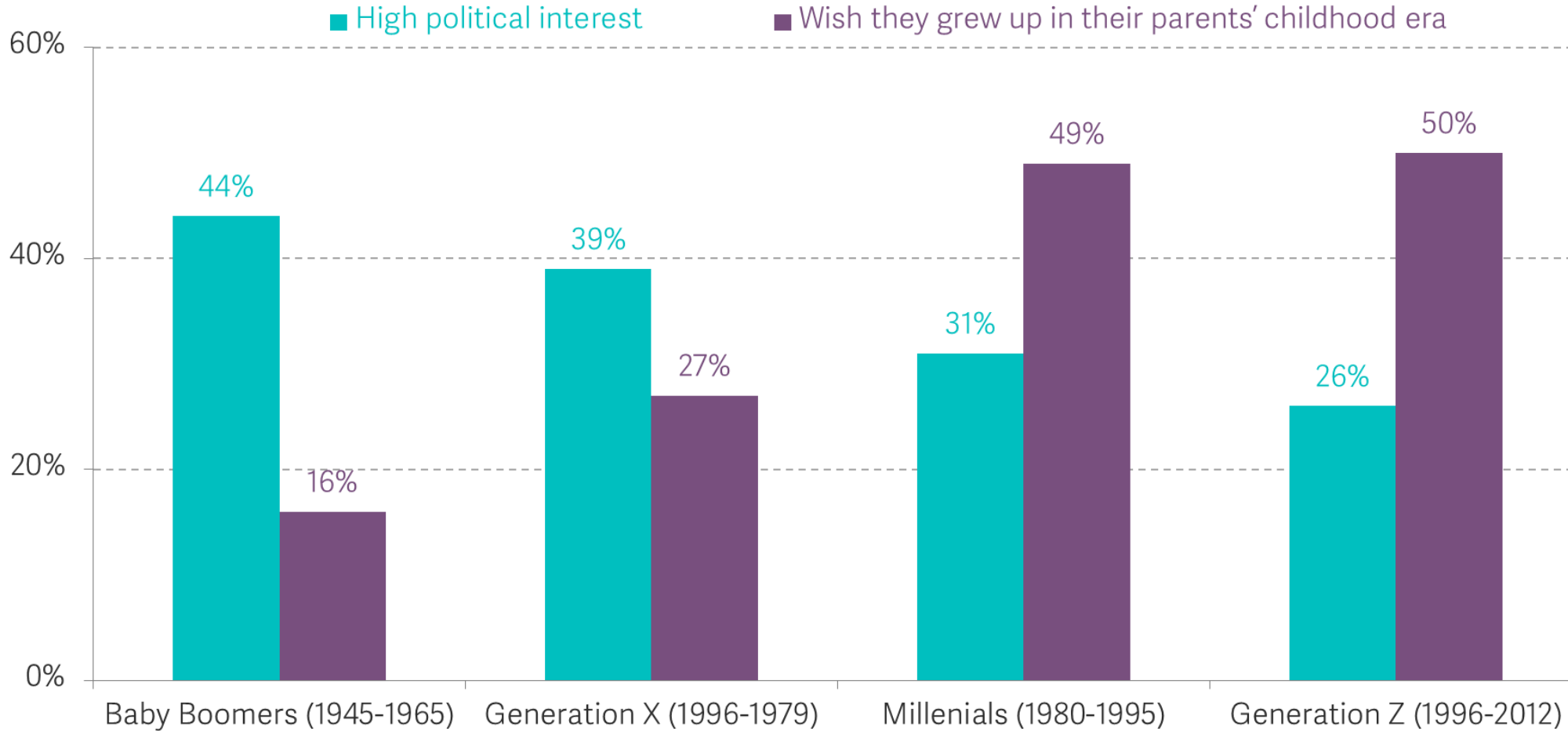
Proportion of 18-34-year-olds who are living with their parents: GB



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. 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.

Younger generations are less invested in politics and wished they grew up in their parents' era

Proportion who hold high political interest and wish they grew up in their parents' childhood era, by generation: UK, 2022



Source: RF analysis of Ipsos Mori, Generation Z – do they exist and what influences them?

Conclusion

1. Enable more young people to enjoy the premium of higher education with a stronger maintenance loan and grants offer.
2. Target more of the Growth and Skills Levy on young people.
3. Pause convergence of youth minimum wage with adult rate while youth unemployment elevated.
4. Provide a citizen's capital grant of £10,000 to 25-year-olds to boost their asset ownership.
5. Funded by a reformed inheritance tax.
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