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Before the fall

The distribution of household wealth in Britain and the impact on families

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Executive Summary

This report is the fourth in our series of 'audits' of household wealth, offering the most comprehensive assessment of wealth inequality in Britain. It comes against a backdrop of an unprecedented mix of economic shocks and policy interventions during the Covid-19 pandemic and its aftermath, which have had profound effects on family finances.

Drawing on newly available data from the Wealth and Assets Survey (WAS) covering 2020-22, we provide a comprehensive analysis of the effects of the pandemic on household balance sheets. This new data reveals how the pandemic reinforced pre-existing patterns of wealth concentration and left some families exposed to the subsequent cost of living crisis triggered by the energy price spike following Russia's invasion of Ukraine. However, because the WAS data is published with a significant lag, the most recent figures reflect a period before the fall in household wealth that occurred after March 2022. We also explore wealth mobility – or the extent to which people move up and down the distribution of wealth – in Britain, shedding new light on the persistence of wealth inequality.

Absolute wealth gaps continued to grow during the pandemic

Britain's wealth has expanded dramatically over recent decades, fuelled largely by periods of low interest rates and a sustained surge in asset prices. The latest data from the WAS show that this expansion continued during the pandemic, despite the

economic turmoil, with household wealth reaching £17 trillion in 2020-22, of which £5.5 trillion (32 per cent) was held in property and £8.2 trillion (48 per cent) in pensions. As a result, Britain's wealth reached a new peak of nearly 7.5 times GDP by 2020-22, up from around three times GDP in the mid-1980s. Yet, despite this remarkable increase in the overall stock of wealth, relative wealth inequality – measured by the share of wealth held by the richest households – has remained broadly stable since the 1980s, with the richest tenth of households consistently owning around half of all wealth.

But stability in relative terms should not obscure the fact that, as the total value of wealth has grown, so too has the size of the gaps between the wealthy and the less wealthy. Numbers in Section 2 and Section 4 are in constant prices, and so we are not referring here simply to the effects of inflation, but to a growth in the real value of the differences between the wealthy and the less wealthy - what we call the absolute real wealth gaps. Absolute real wealth gaps continued to widen during the pandemic: the gap between average family wealth per adult in the top wealth decile and those in the middle (fifth decile) reached £1.3 million in 2020-22, up from £1.0 million in 2006-08. To put this into context, the average adult in Britain had just £168,000 in wealth in 2020-22. These larger wealth gaps, and the growth of wealth relative to incomes, mean that it is more difficult for those lower down to climb the wealth ladder through saving alone. For example, in 2006-08, the gap in average wealth per adult between the top and middle decile was equivalent to around 38 times typical full-time earnings. By 2020-22, this had risen to 52 times.

Indeed, between 2018-20 and 2020-22, passive gains (i.e. increases in asset prices) were more important than active saving in explaining the rise in household wealth, accounting for 60 per cent of the total rise in average family wealth. This helps concentrate wealth growth among those who already own assets, as non-owners gain nothing from rising asset prices.

These dynamics have reinforced inequalities between age groups. Older households, who are more likely to be asset owners, have benefited most from asset price inflation. Between 2018-20 and

2020-22, per-adult family wealth for people aged 50–54 rose by £35,000, the largest gain of any age group. By contrast, those in their late 30s saw only a £9,000 increase. Over the longer term, this has translated into a widening generational gap: the difference in typical wealth between those in their early 30s and early 60s more than doubled between 2006-08 and 2020-22, rising from £135,000 to £310,000 in real terms. These dynamics have resulted in older age groups disproportionately benefiting from Britain's wealth boom: in 2020-22, those in their early 60s had nearly £150,000 more wealth in real terms than the typical person of the same age group in 2006-08. In contrast, the typical person in their early 30s in 2020-22 had just £8,000 more wealth than those of the same age in 2006-08.

Geography matters, too. Regional wealth divides remain stark, shaped by long-standing differences in house price growth and asset ownership. London, unsurprisingly, stands out as the most unequal region. In 2020-22, families at the 90th percentile of the wealth distribution in the capital held 12 times more wealth per adult than the median family. By contrast, the South East of England had the most even distribution of wealth on this measure, with the ratio of wealth between the 90th and 50th percentiles standing at 3.9. London also experienced the sharpest rise in inequality since 2006-08, driven by rapid house price growth in a region where property wealth is more unevenly distributed than anywhere else in Britain.

Overall, the stability of key measures of UK wealth inequality over recent decades masks a significant widening of absolute wealth gaps. These gains have flowed disproportionately to older, asset-rich households and homeowners in certain regions – particularly London. The result is a wealth landscape that is both highly unequal and harder to climb, as saving alone is no longer enough to shift a household's position in the distribution.

Despite tumultuous economic times, household wealth rose sharply – but not equally – during the pandemic

The pandemic was an unprecedented economic shock. GDP fell by 9.7 per cent in 2020, and, at their lowest point, hours worked

fell by 20 per cent. But the impact on households was nothing like as dramatic as this. In part, this is thanks to government interventions – such as the furlough scheme, the support for self-employed and the additional spending on social security – that protected household incomes. But what is also relevant to households' financial circumstances is that the lockdowns, travel restrictions, and social distancing measures at times severely curtailed spending opportunities. This unique set of conditions meant that, although some households struggled (particularly those who were made redundant or couldn't access government support), many families were able to strengthen their balance sheets through higher saving and substantial debt repayments. Indeed, aggregate household saving rose to record levels, with the adjusted saving ratio reaching 25 per cent in Q2 2020, the highest on record. And financial resilience improved, on average, across the income distribution: even among families in the bottom income quintile, the proportion with £1,000 or more in bank accounts and other highly liquid savings products increased from 35 per cent in 2019-20 to 44 per cent in 2021-22.

Yet beneath this aggregate picture gains were not evenly shared, with higher-income families seeing much greater improvements in their balance sheets than low-to-middle income families. For example, the typical family in the lowest income quintile saw their liquid savings increase by just £80 over the pandemic period (2019-20 to 2021-22), broadly the same as the two years pre-pandemic. In contrast, the typical family in the highest income quintile saw their liquid savings increase by £4,200 – a much larger increase in savings than seen in the years prior to the pandemic.

But it wasn't good news for everyone – some families did see a deterioration in their liquid savings. For example, 10 per cent of families in the bottom-income quintile saw their savings fall by £4,000 or more during the pandemic – twice the equivalent drop between 2017-18 and 2019-20. Large declines in liquid savings were broad-based across different family types, including single adults, couples, and families with children. Research undertaken at the time highlighted pandemic-related earnings losses as a key driver of this sort of deterioration.

On the other side of the balance sheet, many households took advantage of reduced spending needs to pay down unsecured debts such as credit cards and personal loans. Higher-income families were more likely to see large reductions in debt, with a quarter of families in the top two income quintiles reducing debt by £2,000 or more. Some families did see an increase in unsecured debt during the pandemic but rises were generally smaller than in non-crisis periods.

At the time of the pandemic, online surveys suggested that low-income households disproportionately turned to high-cost credit during the pandemic. But there is little evidence to support this in the new, much more comprehensive, WAS data. Nonetheless, the WAS does reveal a notable increase in the fraction of low-income families falling into arrears on their bills: between 2019-20 and 2021-22, 7 per cent of families in the bottom-income quintile who previously had no arrears fell behind on bills, while no comparable increase occurred among middle- or higher-income families.

Overall, despite the unprecedented economic pain inflicted by the pandemic, Britain's household finances have come out in a stronger position than many feared. The improvements in savings and reductions in debt – particularly among middle-income households – provided an important cushion against the sharp rise in energy prices, food costs and mortgage rates that followed. But the uneven nature of these gains meant that some low-income families entered the cost of living crisis with worse balance sheets, leaving them particularly vulnerable when price pressures intensified.

Wealth mobility in Britain is limited and lower for those on low-to-middle incomes

The pandemic was a tumultuous time for household finances, but to truly understand how economic shocks affect family finances, it is necessary to track them over time. We have therefore provided the first comprehensive analysis of wealth mobility in Britain, following the same families over time to deepen our understanding of how persistent inequality arises

and the forces that shape wealth in Britain.

We might be less worried about wealth inequality if there is also considerable wealth mobility. But our analysis shows that wealth mobility is limited. Having removed the impact of aging on wealth accumulation, the overwhelming majority of people move no more than one decile above or below their starting position over a four-year period. For example, between 2016-18 and 2020-22, 76 per cent of those on low-to-middle-incomes and 73 per cent of higher-income people moved by no more than one decile in the wealth distribution.

Overall mobility is similar across income groups, but the direction of mobility differs. Almost a half (45 per cent) of people from higher-income families moved up the wealth distribution at least one decile between 2016-18 and 2020-22, compared to only 40 per cent among their low-to-middle income counterparts.

Two trends help us understand why poorer families fare worse. First, as you might expect, for a given level of wealth, those from low-income families are less likely to climb the wealth ladder. Second, although all types of wealth matter for changes in upward relative wealth mobility, pension and housing wealth play a particularly large role, and these types of wealth, particularly pension wealth, account for a larger share of higher-income families' wealth portfolios than they do for lower-income families. For example, among 40–44-year-olds in 2016-18, pensions accounted for 36 per cent of total wealth in higher-income families, compared with 31 per cent in lower-to-middle income families.

Major life events play an important role in moving people up or down the wealth distribution. For example, becoming a homeowner – which is far more common among those from higher-income families (7 per cent versus 4 per cent for lower-income families between 2016-18 and 2018-20) – is associated with a large rise up the distribution among higher-income households (on average, this moves people nine points up the within-age-group wealth rank, where rank is measured from 1 (least wealthy) to 100 (most wealthy)). This reflects the transfers received by family members around the time of buying a home,

rather than the direct impact of changing tenure status; in particular, someone in the top fifth of their age group's wealth distribution is twice as likely to receive a financial gift than someone in the bottom fifth, at 8 per cent versus 4 per cent.

We also find that moves into employment boost wealth, particularly for low-to-middle income families. Among individuals in this group, moving from non-employment to employment between 2016–18 and 2018–20 raised their within-age-group wealth rank by an average of eight points by 2020–22, and additional household members entering work contributed a further eight point increase in the within-age-group wealth rank. Finally, among individuals in low-to-middle income families who report a new a long-term health condition between 2016–18 and 2018–20, average wealth declines by five points in the within-age-group wealth rank by 2020–22, whereas an equivalent change among their higher income counterparts has a negligible effect on mobility. But people from low-to-middle income families are less likely to experience most of these wealth-enhancing events.

Overall, the findings underline that Britain continues to exhibit high and persistent wealth inequality, with limited mobility. Addressing this will require policy focused not only on incomes, but on expanding asset ownership (notably access to secure, affordable homeownership) and strengthening opportunities for accumulation over the life course –particularly via adequate and inclusive pension saving.

Section 1

Introduction

In this report, the fourth in a series of 'audits' of households' wealth, we take a closer look at wealth inequality, and why it matters for living standards.[1] At the heart of this report is new evidence from the Wealth and Assets Survey (WAS), covering April 2020 to March 2022. This data allows us to understand how families' financial positions evolved during the turbulent pandemic years, and the extent to which they were prepared for the cost of living crisis that followed.

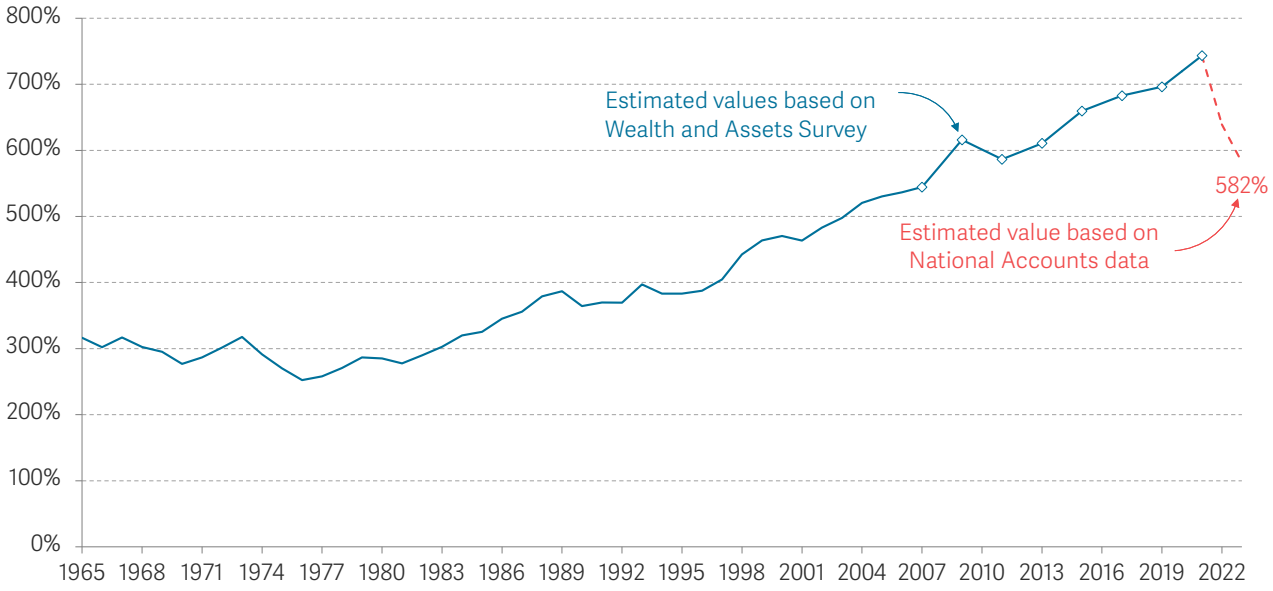
However, it is important to note that WAS data are published with a significant lag. Much has happened to households' wealth holdings since March 2022, with the higher interest rates that accompanied the cost of living crisis triggering an historic fall in the total value of household wealth.[2] Comprehensive data on the distribution of household wealth in Britain is only available with a lag, but more timely data on household net worth in the UK's National Accounts – a different but closely related measure – shows that recent years have been volatile, with the value of aggregate household wealth falling significantly since the pandemic: from an estimated 740 per cent of GDP to 580 per cent in 2023 (see Figure 1).

1 M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022; J Leslie & K Shah, (Wealth) gap year: The impact of the coronavirus crisis on UK household wealth, Resolution Foundation, July 2021; G Bangham & Jack Leslie, Rainy days: An audit of household wealth and the initial effects of the coronavirus crisis on saving and spending in Great Britain, Resolution Foundation, June 2020.

2 For more information see: 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, and S. Pittaway, Inequality control: Why wealth inequality has not increased while asset prices have soared and what that means for the future, Resolution Foundation, November 2024.

FIGURE 1: **The most recent WAS data reflect a period before the fall in household wealth that occurred after March 2022 as a result of higher interest rates**

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



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.

But our focus in this report is on what the latest available WAS data can tell us. We use it to address two core questions:

- How did household wealth evolve during the pandemic?
- How much mobility is there within the wealth distribution, and how do life events – such as changes in employment, housing tenure, or family composition – shape individuals' financial outcomes?

The report is structured as follows:

- Section 2 shows how the WAS data for 2020-22 updates the long-run picture of wealth inequality.
- Section 3 explores how household balance sheets shifted during the pandemic and highlights differences across income groups in saving behaviour and debt repayment.
- Section 4 presents new analysis on wealth mobility, examining how life events influence individuals' positions within the wealth distribution.

Section 2

Absolute wealth gaps remained high ahead of the cost of living crisis

Britain's wealth has expanded dramatically over recent decades – fuelled largely by falling interest rates and surging asset prices – and the latest data show that wealth continued to surge during the pandemic, to a new high of nearly 7.5 times GDP.

Yet despite this huge growth in the stock of wealth, relative wealth inequality has remained broadly stable since the 1980s, with the richest tenth of households consistently owning around half of all wealth. But as total wealth has grown, the real-terms gap between rich and poor families has widened sharply. The latest data show that these gaps continued to grow during the pandemic: the gap between average family wealth per adult in the top wealth decile and those in the fifth decile increased by £17,000 between 2018-20 and 2020-22 – reaching £1.3 million in 2020-22.

Rising asset prices have driven much of this, explaining 60 per cent of the growth in average family wealth between 2018-20 and 2020-22. This has deepened divides between asset owners and non-owners and amplified intergenerational and regional inequalities. The real-terms wealth gap between those in their early 30s and early 60s more than doubled between 2006-08 and 2020-22, from £135,000 to £310,000. Regional divides are stark too: in 2020-22, the richest tenth of London families held 12 times more wealth per adult than the median, compared to 3.9 times in the South East.

So, although the pandemic was a tumultuous time for household balance sheets, it did little to alter long-standing trends in absolute and relative wealth inequality in Britain. However, with sharp falls in wealth caused by rising interest rates since the pandemic, the next round of WAS data will be crucial to assessing whether these divides have begun to shift.

This report draws on detailed analysis of the Wealth and Assets Survey (WAS), with a focus on the newly released data covering April 2020 to March 2022 (which we refer to as 2020-22). The WAS is an invaluable source of information on the distribution of wealth

in Britain, but it is important to recognise that the usual data collection for the WAS was disrupted during the pandemic (as was the case with other household surveys). Box 1 outlines the implications of this disruption. Furthermore, important methodological changes to how defined benefit (DB) pension wealth is valued were introduced in the latest data. The Resolution Foundation has adopted a different approach from the ONS in measuring DB pensions, which affects all the wealth estimates in this report (see Box 1 for more details).

BOX 1: **Data limitations in the latest round of the Wealth and Assets Survey**

In common with many other household surveys, the way that the WAS was collected had to change during the Covid-19 pandemic. This included changing the mode of interview from face-to-face to telephone to ensure data collection could continue, and adjusting population weights to mitigate bias and improve representativeness. [3] However, response rates for the WAS fell, and concerns about the quality of the data resulted in the Office for Statistics Regulation (OSR) suspending the 'official statistics' status.[4] To try to minimise the impact, some analysis in this report utilises the panel element of the WAS: this allows us to track balance sheets over time among the same individuals, and should mean that our estimate of trends aren't driven by changes in the sample composition in the most recent wave.

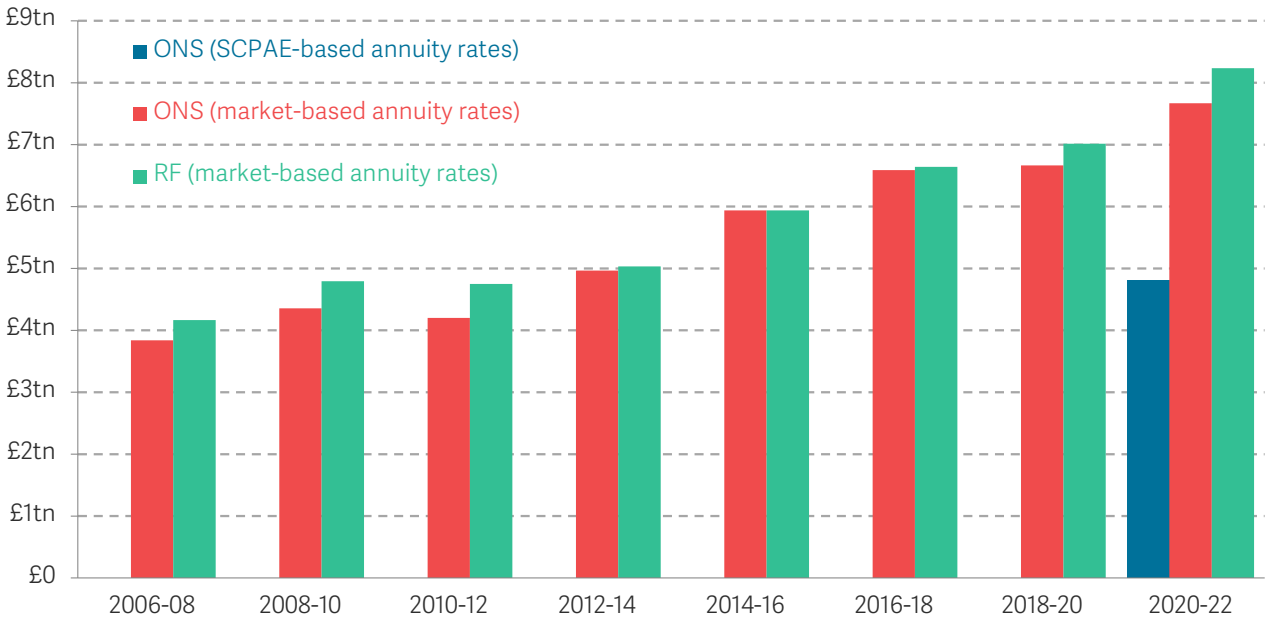
This difficulty in analysing the latest round of the WAS is compounded by a change made by the ONS in how private pension wealth is valued. As detailed in Annex 1, the ONS replaced market-based annuity rates with rates derived from the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate. [5] In addition, new assumptions were introduced regarding the age at which defined benefit (DB) pensions can be accessed, as well as adjustments to account for inflation protection both before and after retirement. Together, these changes in methodology wipe out £2.9 trillion of wealth, equivalent to 17 per cent of total

3 Office for National Statistics, Household total wealth in Great Britain: April 2020 to March 2022, January 2025.
4 Office for Statistics Regulation, Statistics from the Wealth and Assets Survey., June 2025.
5 The Superannuation Contributions Adjusted for Past Experience (SCAPE) rate is a discount rate used by unfunded public sector pension schemes to calculate the present value of future pension payments. The rate is based on long-term future GDP growth expectations, as set by the OBR. For more information see: Government Actuary's Department, Public service pension schemes - SCAPE discount rate methodology: a GAD technical bulletin, March 2023.

household wealth.[6] For our analysis of wealth inequality across families in Britain, we consider the ONS's new methodology less reliable for accurately capturing household wealth. Instead, we apply our preferred approach to calculating pension wealth, which includes adjustments for inflation protection and age of access, while retaining market-based annuity rates. The impact of different methodologies on total pension wealth is illustrated in Figure 2.

FIGURE 2: **Recent changes to how DB pensions are valued have reduced the ONS's estimate of total wealth by £2.9 trillion**

Total pension wealth under different valuation methodologies: GB, 2006-08 to 2020-22



NOTES: Data is adjusted using CPIH into 2020-22 prices.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Despite these challenges, the WAS remains a valuable resource, offering the only comprehensive picture of all components of household balance sheets. Adjustments made by the ONS to minimise the impact of the pandemic, together with our use of a preferred pension valuation method, help address data limitations and ensure the robustness of the analysis in this report.

6 Three changes were made. First, the new approach accounts for inflation protection in defined benefit (DB) pensions both before and after retirement, whereas previously only post-retirement increases were considered: this is an improvement that better reflects how DB pensions operate in practice. Second, the methodology now assumes that individuals can only access DB pensions from age 60, correcting an unrealistic assumption that pensions could be drawn much earlier. Lastly, the ONS has replaced market-based annuity rates with the SCAPE (Superannuation Contributions Adjusted for Past Experience) based rates to convert future pension income into present value. The SCAPE discount rate is used by the UK government uses to set the discount rate for valuing public sector pension liabilities. Crucially, the SCAPE rate is based on medium-term UK GDP growth forecasts rather than current market interest rates. As a result, it does not accurately reflect the present cost of buying an annuity equivalent to a DB pension. By smoothing out market fluctuations, SCAPE-based annuity rates mask the fact that DB pensions are significantly more valuable when interest rates are low, since it takes more money to purchase an annuity that delivers the same income stream.

Before we explore the impact of the pandemic in depth in Section 3, the rest of this section shows how overall wealth has changed and how it is distributed in 2020-22.

Relative wealth inequality in Britain has remained relatively stable in recent decades

The latest WAS data estimates that total household wealth in 2020-22 totalled £17 trillion. Of this, £5.5 trillion (32 per cent) was held in property and £8.2 trillion (48 per cent) in pensions, with the rest being in held in financial or physical assets. This is up from £11.2 trillion in 2006-08, when property comprised a larger share (42 per cent) and pensions a smaller one (37 per cent) than they do now.

This increase in total household wealth – a 52 per cent rise – is much greater than the increase in earnings or GDP over the same period; indeed, the past 14 years have seen a continuation of the post-1980 trend for wealth to grow in value much faster than incomes. In the mid-1980s, total wealth stood at around three times GDP; by 2020-22, it had reached nearly 7.5 times GDP.[7] The key driver of this rise in wealth has been falling interest rates and the associated increase in asset prices.[8]

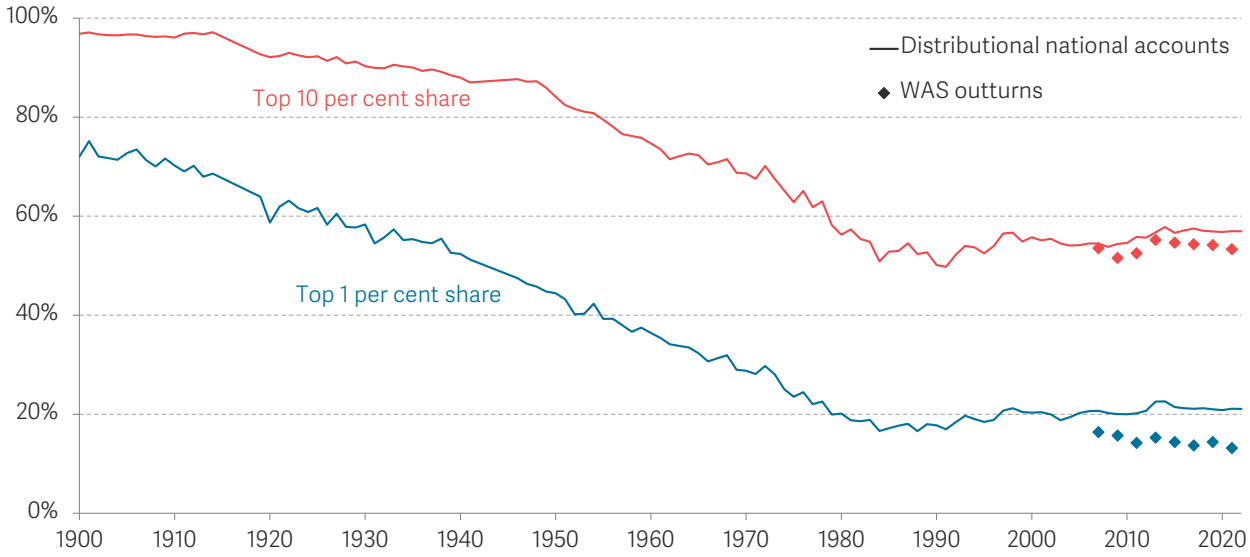
However, despite the rapid rise in household wealth in Britain, relative wealth inequality – particularly the concentration of wealth at the top – has remained remarkably stable in recent decades, in contrast to countries such as the US.[9] Estimates of relative wealth inequality over the very long run suggest that it declined sharply between 1900 and 1980, especially in the three decades following the Second World War (see Figure 3). But since around 1980, this trend has stalled: the top 10 per cent have consistently owned about half of all wealth.

Figure 3 also shows that estimates of wealth inequality – particularly at the top of the wealth distribution – based on the WAS are lower than those from other sources. This reflects measurement issues at the very top of the wealth distribution: the WAS provides an accurate picture for most families, but it underestimates the wealth of those at the very top. For example, it is estimated that the survey missed around 5 per cent of total wealth in 2016-18 that was held by the very wealthiest UK households – equivalent to £800 billion – which if captured would raise the estimated share of wealth held by the richest 1 per cent from 18 to 23 per cent.[10]

7 Values have been adjusted to 2020-22 prices using CPIH.
8 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.
9 S Pittaway, Inequality control: Why wealth inequality has not increased while asset prices have soared and what that means for the future, Resolution Foundation, November 2024.
10 A Advani, G Bangham & J Leslie, The UK's wealth distribution and characteristics of high-wealth households, Resolution Foundation, December 2020.

FIGURE 3: **Relative wealth inequality has been remarkably stable since the mid-1980s**

Share of household wealth held by richest 10 and 1 per cent: UK/GB



NOTES: Distributional National Accounts are based on Alvaredo, Atkinson & Morelli (2018) up to 1994, and Blanchet & Martínez-Toledano (2022) from 1995 onwards. The two series differ, importantly including their treatment of pension wealth: the former ignores pension wealth entirely, while the latter includes funded but not unfunded pension wealth. To present a consistent time series, the pre-1995 data has been adjusted upwards based on the average difference between the two data sources in the 1995-2012 period. The WAS data is for Great Britain, while Distributional National Accounts are for the UK.
SOURCE: ONS, Wealth and Assets Survey; F Alvaredo, A B Atkinson & S Morelli, Top wealth shares in the UK over more than a century, Journal of Public Economics 162, June 2018 (compiled by the World Inequality Database); T Blanchet & C Martínez-Toledano, Distributional Wealth Accounts in Europe: Methodology, World Inequality Lab, January 2022 (compiled by the World Inequality Database).

This pattern is confirmed by other relative measures of wealth inequality.[11] The Gini coefficient for total wealth has changed little since the Wealth and Assets Survey began in 2006, even falling slightly in the most recent period.[12] In fact, the UK's Gini is not high by international standards: in 2022, the UK's wealth Gini coefficient ranked 33rd out of 38 OECD countries.[13]

Yet stability – and a comparatively low ranking internationally – should not distract from the fact that wealth inequality in Britain is much higher than income inequality. In 2020-22, the Gini for household wealth was 0.70, nearly double the Gini for disposable income

11 One measure of relative wealth inequality that has shifted over time is the ratio of the 90th to the 50th percentile of net family wealth per adult. This ratio rose from 4.4 in 2006–08 to 5.4 in 2016–18, before easing slightly to 5.2 in 2020–22. As discussed in previous research, much of the earlier rise reflected strong passive wealth gains from asset price growth following the financial crisis, which primarily benefited those at the top of the distribution. More recently, these effects have been partly offset by faster pension accumulation among those lower down the wealth scale, driven by the full rollout of auto-enrolment. For a more detailed discussion of these trends see: M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022.

12 The Gini coefficient is a measure which attempts to capture the inequality across the full wealth distribution where a figure of 1 is total inequality (i.e. one family owning all wealth) and a figure of 0 is total equality.

13 Source: World Inequality Database. Wealth is measured as net personal wealth of adults on an equal split basis.

in 2021-22 (0.38).[14] As wealth increasingly shapes life outcomes such as homeownership, and income plays a smaller role, these disparities are likely to become more salient in shaping perceptions of fairness and opportunity. For example, a 2024 survey found that 60 per cent of UK adults say the wealth gap is too large, and a related survey in 2023 revealed that 39 per cent of UK adults believe the "very rich" hold more power than national governments, a notable reversal from 2018 when the public were more likely to say governments (33 per cent), rather than the very wealthy (29 per cent), were most powerful.[15]

But while relative wealth inequality has held steady over recent decades, absolute wealth gaps have widened

Focusing only on stable wealth shares or the Gini coefficient misses a key change: the gap in cash terms between rich and poor families – which we call the absolute wealth gap – has grown sharply as wealth values have risen. To make this point clear, imagine if the share of wealth held by families across the wealth distribution stays constant (as, indeed, we have shown has been broadly the case for wealthy families since the 1980s) and the value of wealth doubles (again, as has been broadly the case since the 1980s), then the gap in pounds and pence between such families would also double.[16]

The latest data show that wealth gaps continued to widen during the pandemic, with the gap between average family wealth per adult in the top wealth decile and those in the middle (fifth decile) increasing by £17,000 between 2018-20 and 2020-22. In 2020-22, this gap reached £1.3 million, up from £1.0 million in 2006-08 (Figure 4).[17]

14 Gini coefficient for income after housing costs (AHC) for Great Britain. T Wernham, Living Standards, Inequality and Poverty Spreadsheet, Institute for Fiscal Studies, July 2024.

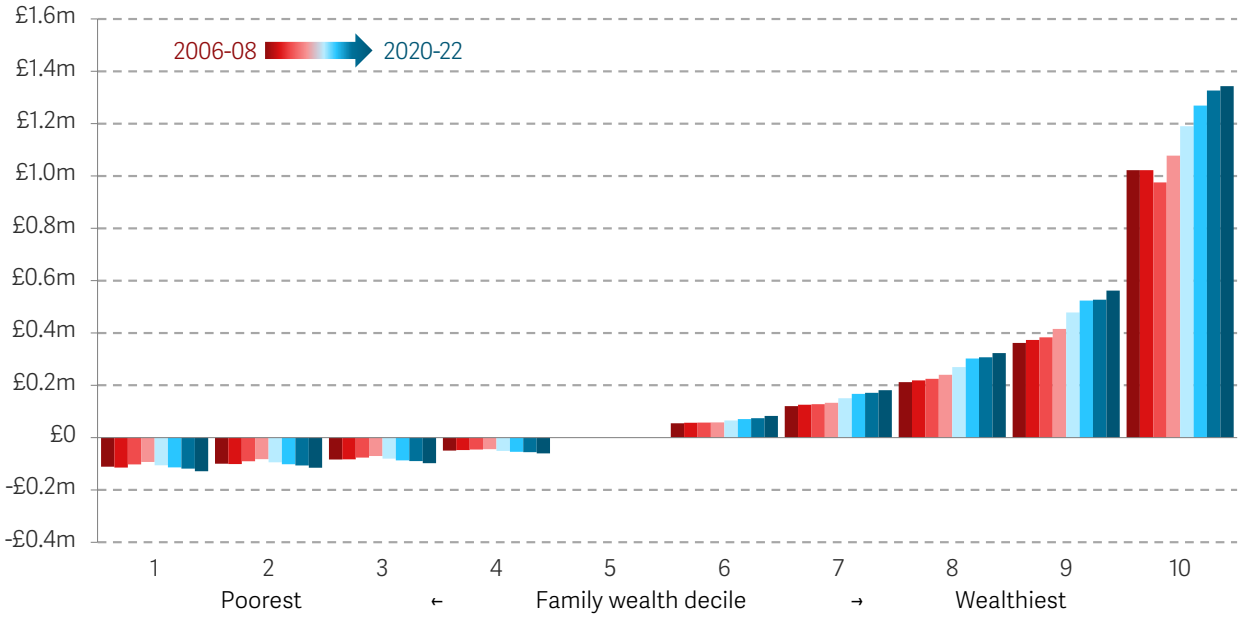
15 B Duffy, Wealth, prosperity and power: Public perceptions and attitudes under a new government, Policy Institute at King's College London, November 2024; B Duffy, Attitudes to wealth inequality in Britain today, Policy Institute at King's College London, May 2023.

16 M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022

17 As discussed in Section 1, the value of household wealth has fallen sharply since the pandemic. This decline has reversed some of the growth in wealth gaps seen in recent decades, with absolute gaps now estimated to have returned to around 2014 levels. For more information see: S Pittaway, Inequality control: Why wealth inequality has not increased while asset prices have soared and what that means for the future, Resolution Foundation, November 2024.

FIGURE 4: **Wealth gaps between families at the top of the wealth distribution and those in the middle reached £1.3 million in 2020-22**

Absolute gap between average family wealth per adult within each wealth decile and average wealth for the fifth decile: GB

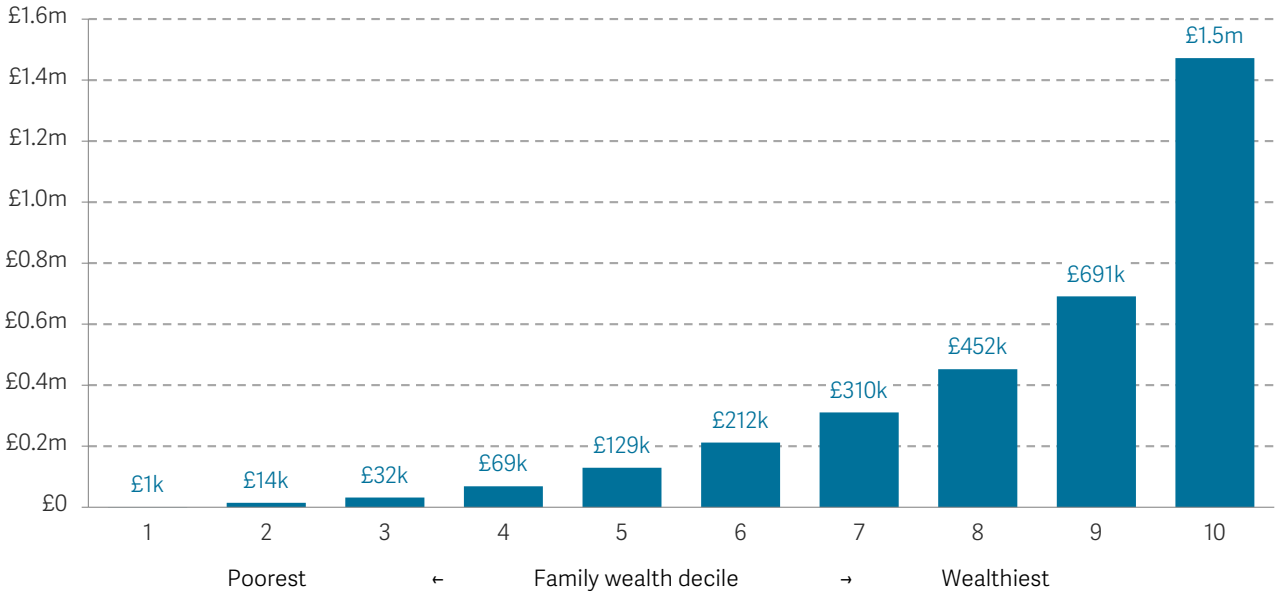


NOTES: Data adjusted to 2020-22 prices using CPIH.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

To put these wealth gaps into perspective, in 2020-22 the average (mean) per-adult net family wealth was around £168,000. Figure 5 illustrates how this varied across the distribution: the average person in the middle (fifth decile) had around £129,000, while those in the top decile held more than 11-times that amount (£1.5 million). At the other end of the spectrum, people in the bottom decile had just £1,000 on average.

FIGURE 5: **On average, those at the top of the wealth distribution held more than 11 times more wealth than those in the middle**

Mean per adult family wealth, by wealth decile: GB, 2020-22



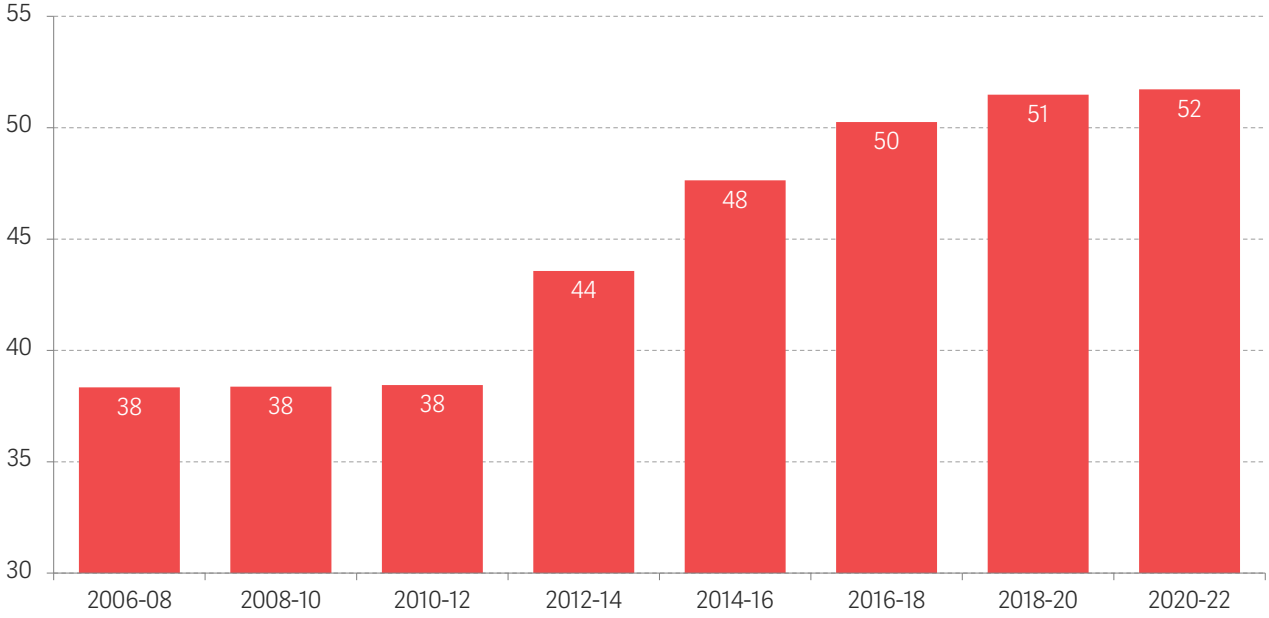
NOTES: Data adjusted to 2020-22 prices using CPIH.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Larger wealth gaps between families at different points in the distribution have made it increasingly difficult for those lower down to climb the wealth ladder through saving alone. Figure 6 illustrates this widening divide: in 2006-08, the gap in average wealth per adult between the top and middle deciles was equivalent to around 38 times typical full-time earnings. By 2020-22, this had risen to 52 times.[18] Even if a typical person in the fifth wealth decile miraculously saved all of their earnings throughout their entire working life, it would no longer be enough to move them up to the top of Britain's wealth ladder.

18 This way of expressing wealth gaps dates to J Hills et al, Wealth distribution, accumulation, and policy, May 2018.

FIGURE 6: **It is harder for people to move up the wealth distribution through saving from earnings**

Ratio of the absolute wealth gap between fifth and top wealth deciles (measured by average family wealth per adult) to median full-time earnings: UK/GB



NOTES: Median annual earnings are adjusted to 2020-22 prices to match the wealth gaps. Since median annual earnings are reported for April each year, we have averaged them over three years to align with the WAS periods. For example, the 2006-08 figure averages median annual earnings for 2006, 2007, and 2008.
SOURCE: RF analysis of ONS, Wealth and Assets Survey; ONS, Annual Survey of Hours and Earnings.

A key driver of wealth accumulation is asset price increases

As discussed above, rising asset prices have played a key role in driving up household wealth in recent decades. Figure 6 highlights this by breaking down changes in wealth into two components: 'active' accumulation, such as saving or paying down debt, and 'passive' accumulation, where wealth increases due to rising asset prices.[19] Since the start of the 2010s (2010-12), passive gains have accounted for 53 per cent of the growth in average family wealth, with the remaining 47 per cent coming from active accumulation.

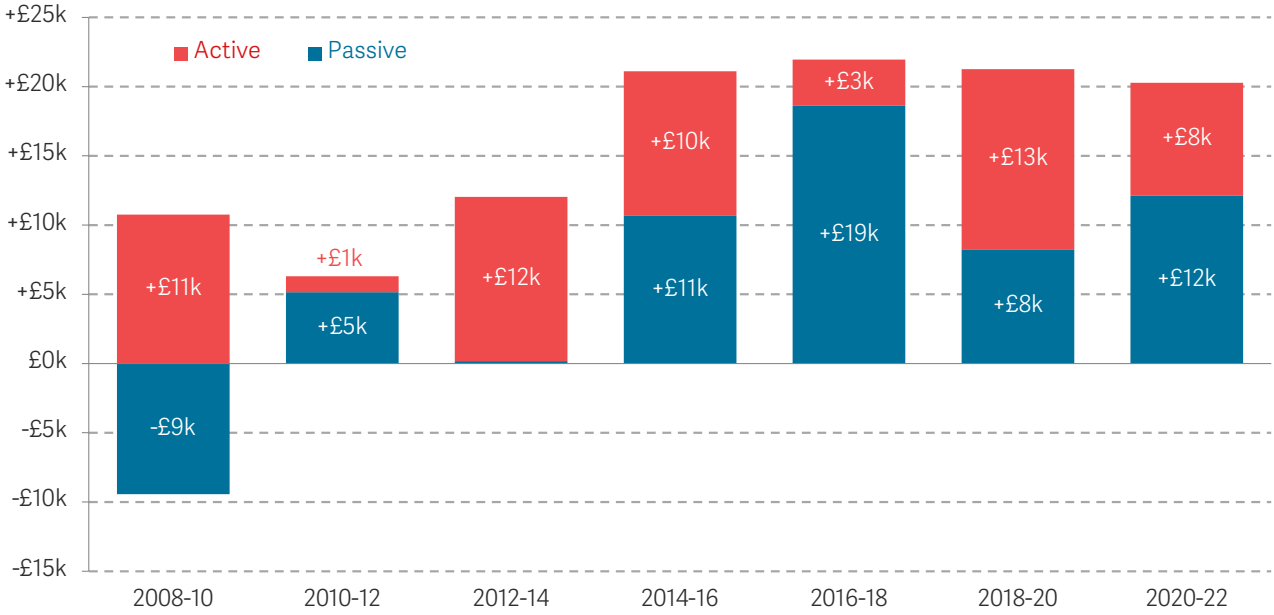
The latest period, which covers the pandemic, shows that active wealth accumulation – from saving and debt repayment – made up only 40 per cent of total gains. This is perhaps surprising, because, as we will see in Section 3, the pandemic was characterised by unprecedented levels of active saving and debt repayment. One potential explanation is that the full effects of the pandemic were not fully captured among those families surveyed by the WAS early in the April 2020 – March 2022 period. However, it more likely

19 Importantly, the analysis below excludes passive gains from defined benefit pensions and pensions in payment (see Annex 2 for methodology), meaning the true contribution of passive changes to Britain's total wealth stock over this period is likely even greater. The concept of passive gains from defined benefit pensions reflects that, in a low-interest-rate environment, the value of a guaranteed income stream rises – precisely because it becomes harder for those without such promises to secure a comparable retirement income.

reflects the outsized impact of asset price movements on household wealth, such as the rapid house price growth during the stamp duty holiday.[20]

FIGURE 7: **Passive wealth accumulation has been responsible for more than half the increase in average family wealth since 2010-12**

Estimated mean change in family wealth per adult over preceding two years, by type of wealth accumulation: GB



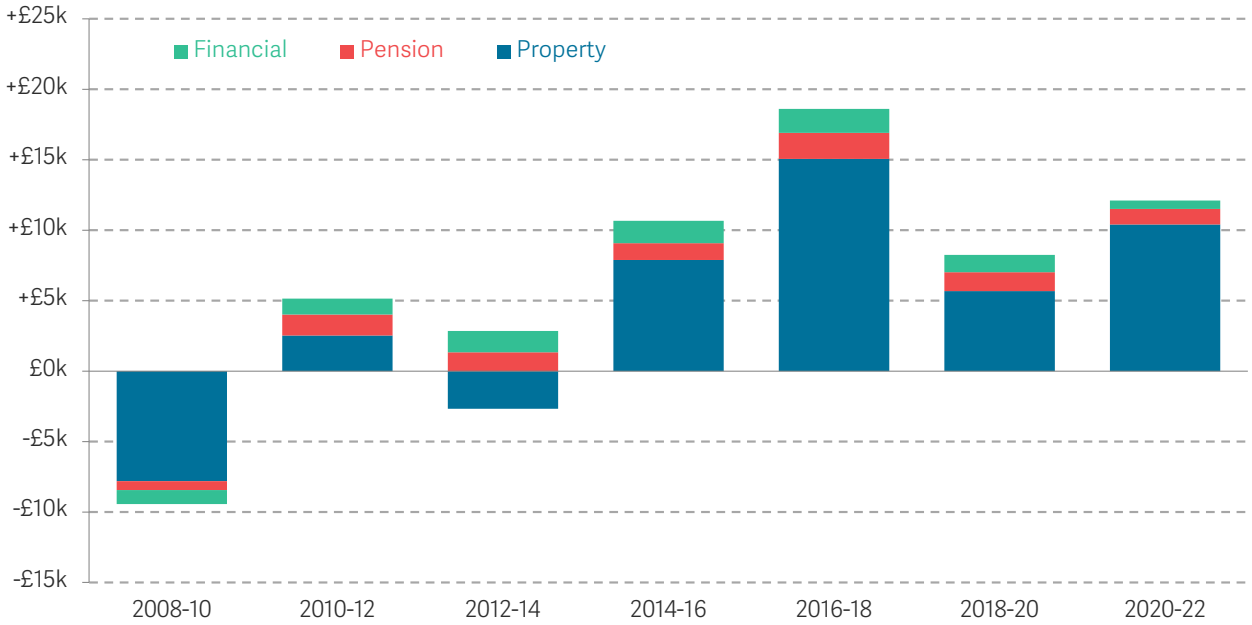
NOTES: Excludes DB pensions and pensions in payment.
SOURCE: RF analysis of ONS; Wealth and Assets Survey; Bank of England, Effective interest rates; FTSE Russell, FTSE All-Share Index TR; MSCI, MSCI World Index TR; S&P Global, S&P UK Gilt Index; and ONS, UK House Price Index.

Figure 8 shows that asset price growth – particularly in housing – accelerated sharply from around 2012-14, driving substantial passive wealth gains. This trend has deepened the divide between those who already own assets and those who do not. In 2024, the median average home in England cost 7.7 times the median average earnings of a full-time employee, up from 3.5 times in 1997.[21] As a result, saving for a deposit has become increasingly difficult: it now takes a typical young family around 12 years to save for a deposit, compared to just 7 years in the mid-1990s.[22]

20 G Hammond & J Pickford, English homebuyers rush to beat stamp duty holiday deadline, Financial Times, June 2021.
21 Office for National Statistics, Housing affordability in England and Wales: 2024, March 2025.
22 Resolution Foundation, Housing Indicators: Years taken to save for a first-time buyer deposit.

FIGURE 8: **Rising house prices drove substantial passive wealth gains throughout the 2010s**

Estimated two-year passive wealth accumulation, by type of wealth: GB



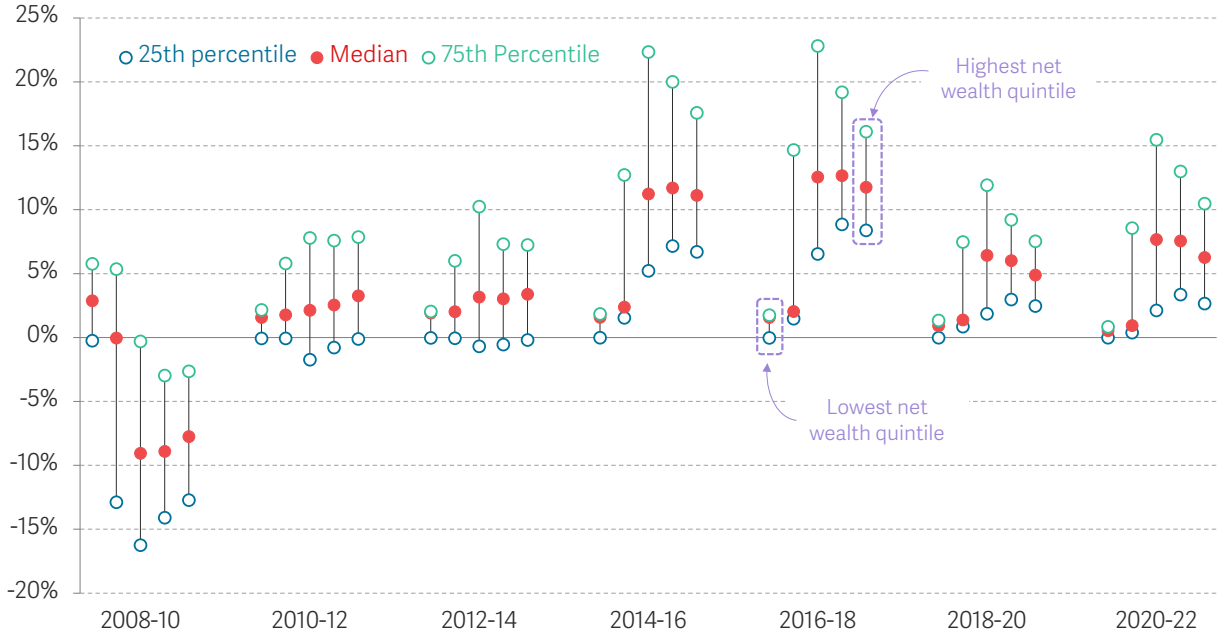
NOTES: Excludes DB pensions and pensions in payment.
SOURCE: RF analysis of ONS; Wealth and Assets Survey; Bank of England, Effective interest rates; FTSE Russell, FTSE All-Share Index TR; MSCI, MSCI World Index TR; S&P Global, S&P UK Gilt Index; and ONS, UK House Price Index.

Understanding how wealth is distributed – and how asset prices have changed – is key to identifying who benefits from passive gains. Figure 9 shows that passive gains are concentrated among families in the middle and upper parts of the wealth distribution. For example, median two-year asset price returns between 2018-20 and 2020-22 were around 8 per cent for families in the middle wealth quintile, compared to zero gains for those in the bottom quintile.[23] Passive accumulation is also far from evenly distributed within families with similar wealth; some families have seen strong returns from rising asset prices, while others have benefited little. This variation is captured in Figure 9, which shows wide gaps between the 25th and 75th percentiles of asset-price returns.

23 Interestingly, returns for the very wealthiest are sometimes slightly lower than for those in upper-middle groups. This is driven by differences in asset composition: for example, in 2020-22, families in the sixth wealth decile held 40 per cent of their wealth in housing which, as shown above, has seen fast asset price growth. But those in the top wealth quintile held 29 per cent of their wealth in housing.

FIGURE 9: **Low-wealth people have limited exposure to changes in asset prices**

Estimated two-year passive wealth accumulation at the 25th, 50th and 75th percentile, by net wealth quintile: GB



NOTES: Excludes DB pensions and pensions in payment.
SOURCE: RF analysis of ONS; Wealth and Assets Survey; Bank of England, Effective interest rates; FTSE Russell, FTSE All-Share Index TR; MSCI, MSCI World Index TR; S&P Global, S&P UK Gilt Index; and ONS, UK House Price Index.

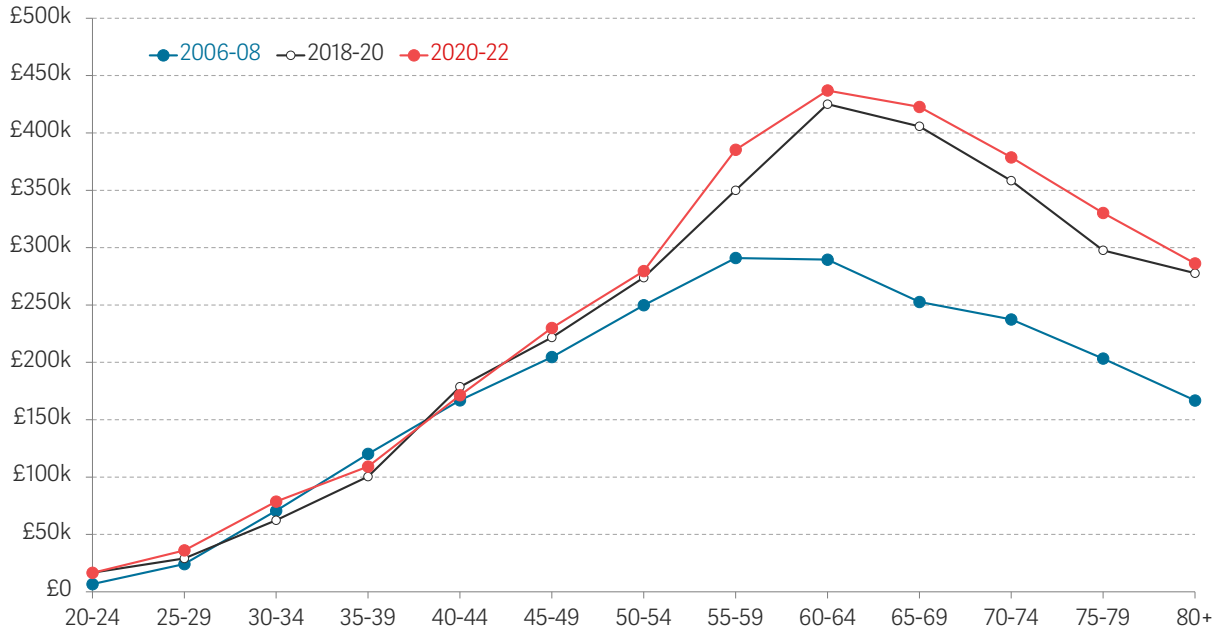
Growth in wealth has not been evenly shared across age groups

As highlighted in previous research, the pandemic's impact varied sharply by age: older people faced the greatest health risks, and the economic effects fell most heavily on the working-age population.[24] New data reveals how the wealth of different age groups changed over the course of the pandemic. Figure 10 shows that most age groups saw their wealth rise in the latest period, but gains were far from equal. Those aged 50-54 recorded the largest increase – typical per adult family wealth rose by £35,000 between 2018-20 and 2020-22 – but people in their late 30s saw only a £9,000 rise. These larger gains for older groups have widened existing wealth gaps: the difference between those in their early 30s and early 60s has more than doubled in real terms since 2006-08, from £135,000 to £310,000.

24 K Henehan et al., An intergenerational audit for the UK: 2021, Resolution Foundation, October 2021; L Gardiner et al., An intergenerational audit for the UK: 2020, Resolution Foundation, October 2020.

FIGURE 10: **Wealth gaps between age groups have widened sharply**

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



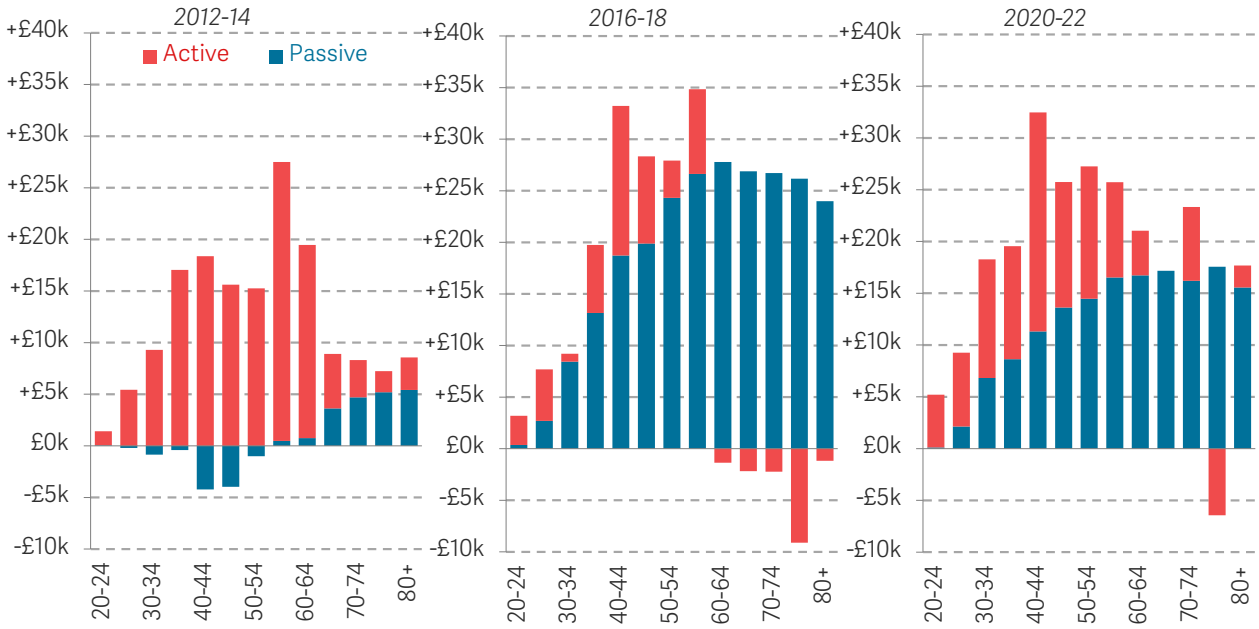
NOTES: Data adjusted to 2020-22 prices using CPIH.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

The increasing wealth gaps between age groups have been driven by trends in active and passive wealth accumulation, each of which has their own life-cycle pattern. Young people typically start with little wealth, accumulate it gradually through working life and reach peak wealth around retirement age. As a result, younger and middle-aged adults tend to build wealth through active means – such as paying down student loans or saving for retirement, but older individuals are more likely to already own assets and therefore benefit more from passive gains, such as rising house prices. This is evident in Figure 11: in the most recent period, adults aged 75-79 saw the highest average passive increase in family wealth, a gain of nearly £18,000 between 2018-20 and 2020-22. By contrast, people in their late 30s gained roughly half that amount (around £9,000).[25]

25 M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022.

FIGURE 11: **Older adults are more likely than younger adults to have experienced passive gains**

Estimated mean change in family wealth per adult over preceding two years, by age group: GB, 2014-16, 2016-18 and 2020-22



NOTES: Excludes DB pensions and pensions in payment.
SOURCE: RF analysis of ONS; Wealth and Assets Survey; Bank of England, Effective interest rates; FTSE Russell, FTSE All-Share Index TR; MSCI, MSCI World Index TR; S&P Global, S&P UK Gilt Index; and ONS, UK House Price Index.

The divide between asset owners and non-owners across age groups has meant that older generations have been the main beneficiaries of post-financial crisis wealth growth. For example, Figure 10 shows that in 2020-22, those in their early 60s had nearly £150,000 more wealth in real terms than the typical person of the same age group in 2006-08. In contrast, the typical person in their early 30s in 2020-22 had just £8,000 more wealth than those of the same age in 2006-08. This has shifted the overall distribution of wealth: people aged 60 and over held almost half (49 per cent) of Britain's wealth in 2020-22, this had increased from 39 per cent in 2006-08. The picture becomes even starker when looking at specific assets: in 2020-22 the over-60s held 53 per cent of Britain's property wealth, 59 per cent of financial wealth, and 45 per cent of pension wealth.

Wealth is not equally distributed across Britain's regions and nations

The distribution of wealth varies significantly across Britain's nations and regions. In 2020-22, typical wealth levels were substantially higher in the South than in other parts of the country. Median wealth per adult was approximately £290,000 in the South East, and exceeded £200,000 in both the East of England and the South West. In contrast, typical wealth holdings were much lower in the North of England, with median wealth per adult at around £140,000 in the North West and £110,000 in the North East. London had the

lowest median wealth per adult of all regions, at just £80,000. Previous research showed that incomes, demographics and house prices together largely explain the differences in levels of wealth across Britain; for example, there is a strong correlation between wealth holdings and incomes around the country, reflecting differences in the scope for households to actively save out of incomes to build up wealth. [26]

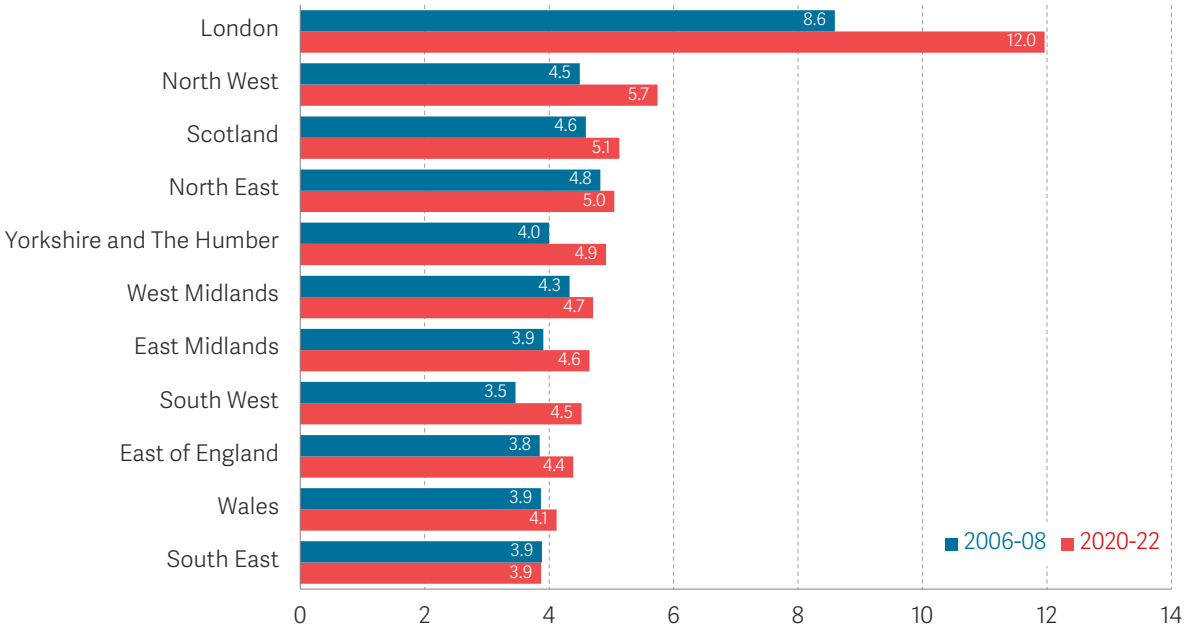
But we shouldn't think that region is the most important determinant of household wealth: the distribution of wealth within each area is highly uneven, and in most cases has become more so since before the financial crisis. Figure 12 illustrates that relative inequality has risen in nearly all regions and nations over this period. London, unsurprisingly, stands out as the most unequal region: in 2020-22, families at the 90th percentile of the wealth distribution in the capital held 12-times more wealth per adult than the median family. For comparison, the ratio between the 90th and 50th percentiles of net family wealth per adult across Britain as a whole was 5.2. London has also seen the sharpest rise in inequality since 2006-08. A key driver is property wealth, which affects these statistics in two ways. First, house prices increased sharply in London between July 2006 and March 2022 in real terms – from £360,000 to £530,000.[27] Second, property wealth is held more unequally there than anywhere else in Britain: in 2020-22, median net property wealth holdings in London was none at all; at the 90th percentile, net property wealth stood at more than £400,000.

By contrast, the South East has the most even distribution of wealth on this measure, and is the only region where relative inequality has not risen. Again, property is central to this pattern: in 2020-22, the ratio of property wealth between the 90th and 50th percentiles was 3.8, indicating that gains from rising house prices were spread more evenly across families.

26 M Broome, I Mulheirn & S Pittaway, A wealth of variety: The variation in household wealth across Britain and what it means for policy, Resolution Foundation, October 2023.
27 Data are seasonally adjusted and adjusted into 2020-22 prices using CPIH. HM Land Registry, UK House Price Index.

FIGURE 12: **Relative wealth gaps have risen in almost every nation and region across Britain**

Ratio of the 90th percentile and the 50th percentile of net family wealth per adult, by region and nation: 2006-08 to 2020-22



SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Overall, the evidence presented in this section shows that the stability of key measures of UK wealth inequality over recent decades masks a significant widening of the wealth gap in cash terms, driven mainly by surging house prices and the rising implied value of pensions promises. These gains have flowed disproportionately to older, asset-rich households, and homeowners in certain parts of the country (particularly London). The result is a wealth landscape that is both highly unequal and harder to climb, as saving alone is no longer enough to materially shift a household's position in the distribution.

Having outlined the long-term changes in wealth inequality in Britain, Section 3 does a deep dive into how household balance sheets shifted during the pandemic, highlighting differences across income groups amid dramatic changes in saving and debt repayment.

Section 3

The pandemic was a time of big changes in wealth

Household wealth rose sharply during the pandemic, with surging saving and substantial debt repayments, as spending opportunities were curtailed by lockdowns, travel restrictions, and social distancing measures, and incomes were partly protected by interventions such as furlough. But this aggregate change masks considerable variation in families' experiences of the pandemic. We now have the most comprehensive data available to assess what happened to family balance sheets during this period.

On average, financial resilience improved across the income distribution during the pandemic: for example, the proportion of families in the bottom income quintile with £1,000 or more in liquid savings increased from 35 per cent to 44 per cent between 2019-20 and 2021-22. Yet the scale of saving varied sharply, with the typical low-income family saving just £80 compared to £4,100 among higher-income families. Furthermore, a small share of low-income families also experienced large declines in liquid savings, a pattern that was broad-based across family types.

Some low-income families were able to reduce their unsecured debt: 30 per cent of families in the bottom income quintile reduced their debt between 2019-20 and 2021-22, but 28 per cent saw it increase. Encouragingly, there is little evidence from the WAS that low-income households disproportionately relied on high-cost credit, contrary to other findings during the pandemic. However, an increase in bill arrears points to significant financial strain for some, but this appears to be a continuation of existing financial pressures rather than a new trend driven specifically by the pandemic.

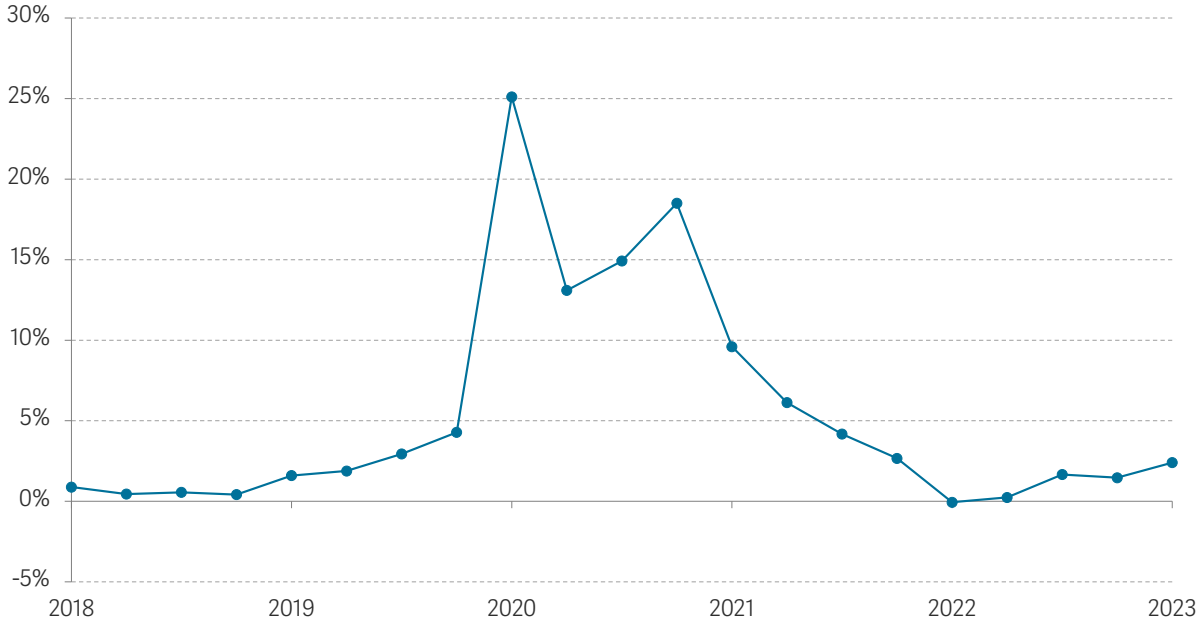
Overall, many families – particularly those in the middle and higher-income groups – entered the cost of living crisis with greater financial resilience thanks to the savings and debt reductions achieved during the pandemic. However, some low-income families struggled, experiencing a depletion in savings and an increase in debt. This left them especially vulnerable to the double digit inflation and squeeze on living standards that followed.

The pandemic was an unprecedented economic shock. GDP fell by 9.7 per cent in 2020, and, at their lowest point, hours worked fell by 20 per cent. But the impact on households was nothing like as dramatic as this. In part, this is thanks to government interventions – such as the furlough scheme, the support for self-employed and the additional spending on social security – that protected household incomes.

At the aggregate level, the impact of the pandemic on households' balance sheets is well established. The adjusted saving ratio – which measures the percentage of gross disposable income that households have left after consumption – shows that household saving peaked at 25 per cent in Q2 2020 (Figure 13), the highest level on record. This surge was driven by reduced spending opportunities resulting from lockdowns, travel restrictions, and social distancing measures, which far outweighed the loss of household income due to redundancies and furlough.[28] Data from the Bank of England show that the stock of household savings rose by £137 billion in real terms between April 2020 and March 2022.[29] As a result of this and asset price changes, household wealth rose sharply during the pandemic, peaking at more than seven-times national income in 2021 (see Figure 1 in Section 1).

FIGURE 13: **Household saving spiked during the pandemic**

Adjusted household saving ratio: UK, Q2 2018 to Q2 2023



NOTES: Includes non-profit institutions serving households (NPISH). Data is seasonally adjusted. The adjusted saving ratio excludes adjustments to net equity in pension funds.
SOURCE: ONS, Quarterly sector accounts.

28 A Davenport et al, Spending and saving during the COVID-19 crisis: evidence from bank account data, Institute for Fiscal Studies, October 2020.
29 Bank of England, Bankstats.

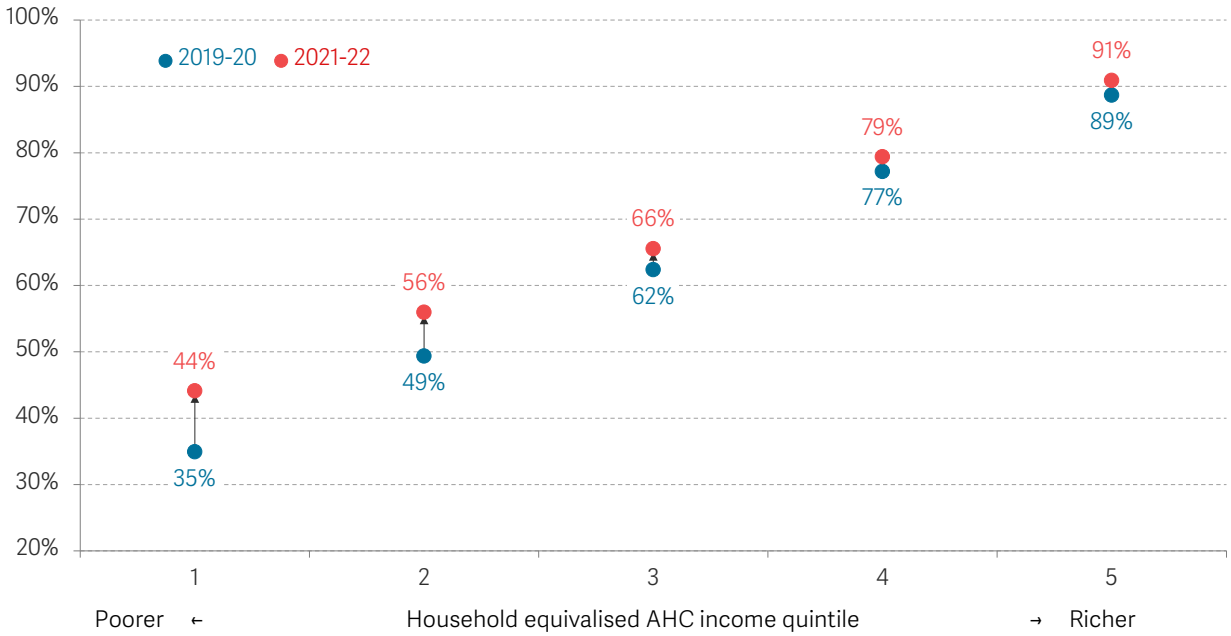
With comprehensive data now available, this section examines how the pandemic reshaped household balance sheets across the distribution of income.[30]

On average, financial resilience improved across all income groups during the pandemic

New data from the WAS shows that financial resilience improved, on average, across all income groups, with particularly significant gains among low-to-middle income families. In particular, the proportion of families in the bottom income quintile with £1,000 or more in 'liquid' savings – defined as current accounts in credit, money in savings accounts, value of ISAs, money in National Savings & Investments (NS&I) and cash savings – increased from 35 per cent in 2019-20 to 44 per cent in 2021-22. Smaller improvements in financial resilience were observed among higher income families, but that is primarily because financial resilience was already high: nearly nine-in-ten (89 per cent) families in the top income quintile had £1,000 or more in liquid savings in 2019-20, increasing slightly to 91 per cent in 2021-22.

FIGURE 14: **There was an improvement in financial resilience across the income distribution during the pandemic**

Proportion of non-pensioner families with £1,000 or more in liquid savings, by equivalised household income quintile: GB



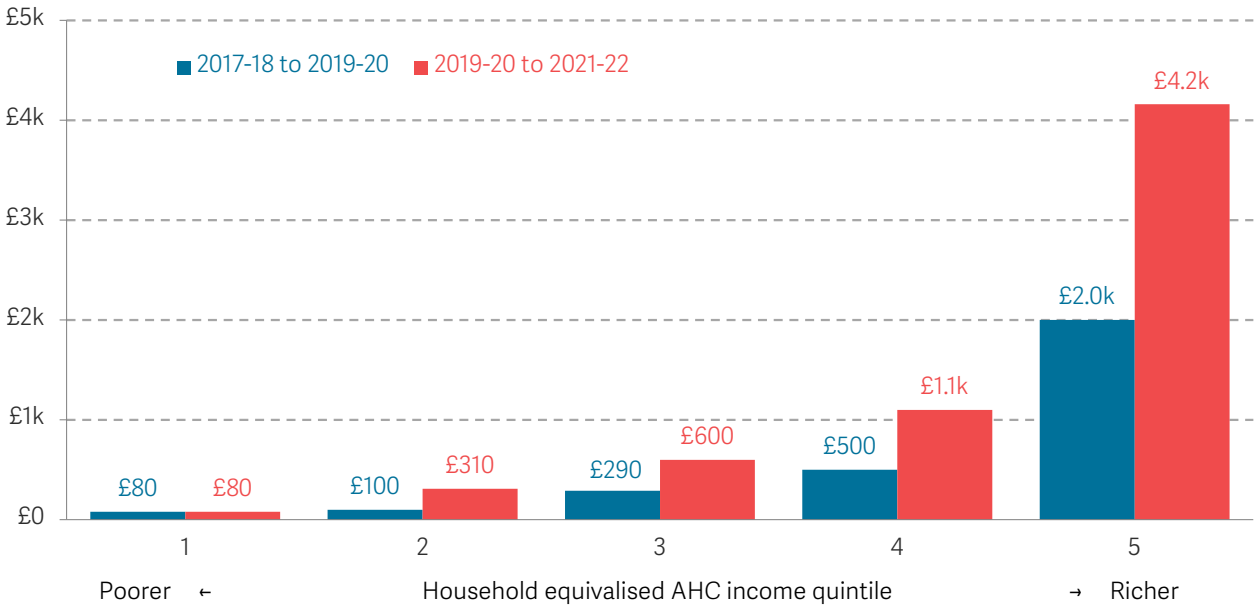
NOTES: Liquid savings measured at the benefit unit level and defined as current accounts in credit, value of savings accounts, value of cash ISAs, value of national savings products and cash savings.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

30 Although the latest WAS data spans April 2020 to March 2022, most of our analysis is limited to households surveyed in financial year 2021-22, so as to avoid some of the extreme circumstances of 2020-21 (as well as to minimise the extent to which difficulties implementing the WAS might be affecting the results). For comparison, we define the pre-pandemic period as 2019-20, observing the same families two years earlier.

But we get a richer story if we look directly at the level of savings. Figure 15 uses the panel element of the WAS to track individual households' balance sheets over time. It shows that many families managed to save more during the pandemic period than over the two years before the pandemic. For example, a family in the second income quintile experienced a typical increase in their liquid savings of more than £300 during the pandemic, a threefold increase on the £100 increase recorded between 2017-18 and 2019-20. But there was a clear income gradient in changes to liquid savings. During the pandemic period, a family in the lowest-income quintile typically saw no improvement in their ability to save, whereas a family in the top income quintile accumulated £4,200 over the same period, more than twice the increase seen in a pre-pandemic two-year period.

FIGURE 15: **The absolute amounts of saving during the pandemic varied across the income distribution**

Median change in liquid savings, by equivalised household income quintile in the first period (2017-18 and 2019-20): GB, 2017-18 to 2019-20 and 2019-20 to 2021-22



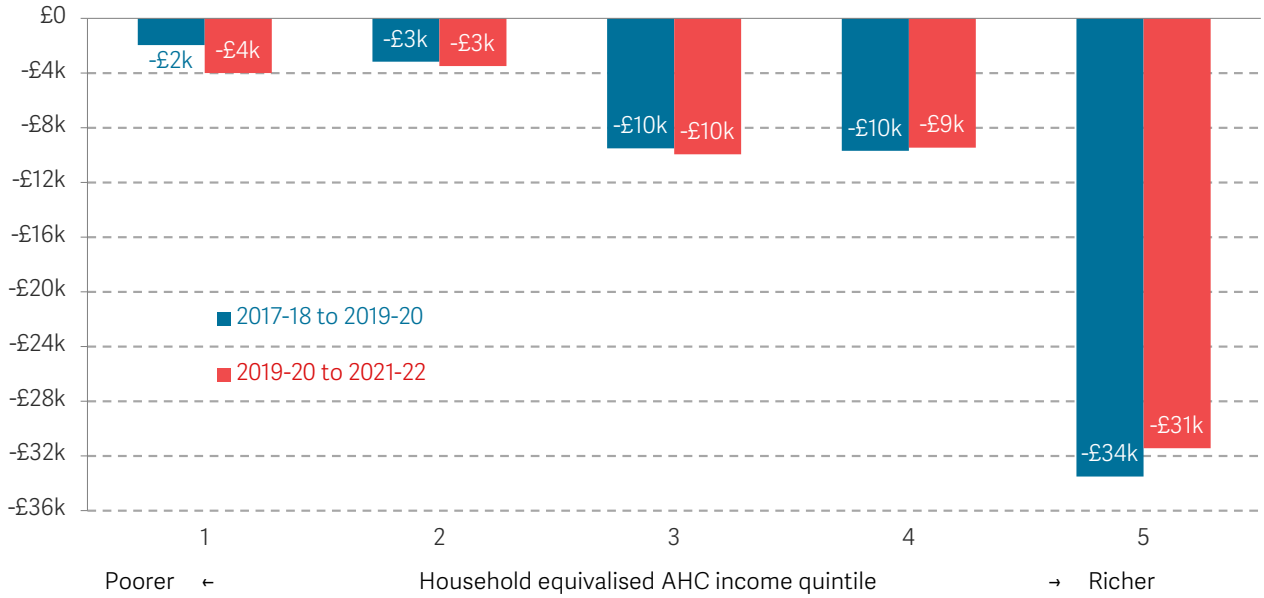
NOTES: Liquid savings measured at the benefit unit level and defined as current accounts in credit, value of savings accounts, value of ISAs and money in National Savings & Investments.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

It is also important to look at variations between households in these income groups. Although the typical change in savings of people in the bottom income quintile was a small rise, Figure 16 shows that 10 per cent of families in the bottom income quintile saw their savings fall by £4,000 or more during the pandemic, twice the equivalent drop between 2017-18 and 2019-20. This is not seen in other income groups; in fact, for many

families, reductions in savings stocks during the pandemic were similar to the years before. [31]

FIGURE 16: **Some low-income families saw a sharp fall in savings**

Change in liquid savings at the 10th percentile, by equivalised household income quintile in the first period (2017-18 and 2019-20): GB, 2017-18 to 2019-20 and 2019-20 to 2021-22



NOTES: Liquid savings measured at the benefit unit level and defined as current accounts in credit, value of savings accounts, value of ISAs and money in National Savings & Investments.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Research undertaken during the pandemic suggested that pandemic-related earnings losses was a key driver of worsening household finances. For example, in October 2021, 59 per cent of those who had lost earned income during the pandemic reported that their financial situation had significantly worsened since March 2020, compared to just 26 per cent who said it had improved. The duration of lost earnings also mattered: among those who had reduced earnings for 12 months or more, only 6 per cent reported an improvement in their financial situation.[32] Unfortunately, the WAS does not capture pandemic-specific earnings losses, which may be the strongest predictor of financial hardship. Our analysis of WAS found no strong evidence that these large declines in savings were consistently associated with specific characteristics. We tested a range of factors – including family type, housing tenure, economic activity,

31 It's notable that some higher-income families also experienced substantial declines in liquid savings. One explanation is that these families used their savings to fund major life events, such as buying a home. Between 2019-20 and 2021-22, 10 per cent of families who did not change tenure saw their savings fall by £8,000 or more, compared to £31,000 among those who moved from renting to owning. Some of this fall may also reflect financial transfers to others, as previous research shows higher-income individuals are far more likely to give financial gifts to family members.

32 S Collard, E Kempson & J Evans, Bleak Expectations: The Ongoing Financial Impact of the Pandemic, Personal Finance Research Centre, December 2021.

age, and initial wealth – but none clearly predicted which low-income families saw the sharpest declines in savings.

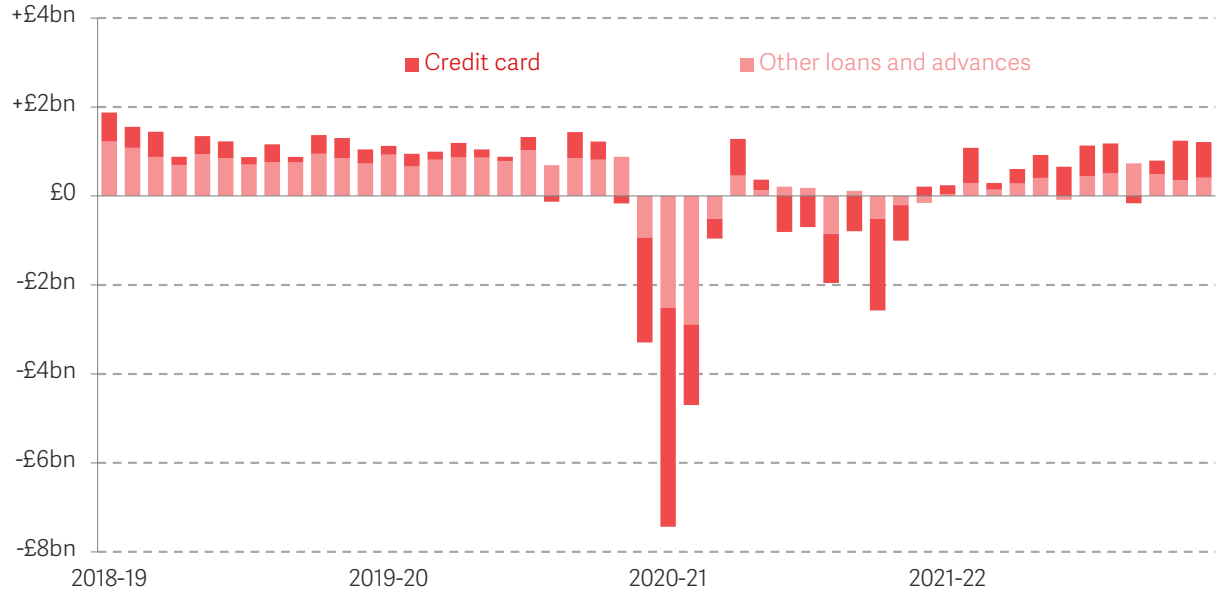
Outstanding unsecured debt fell sharply during the pandemic

Having looked at changes in liquid savings, we now turn to the other side of household balance sheets: unsecured debt. This encompasses credit cards, outstanding mail order balances, hire purchases, loans (excluding mortgages and student loans), overdrafts on current accounts and bill arrears.

Again, aggregate data shows an incredibly striking pattern: net consumer credit fell by £7.4 billion in May 2020, the largest monthly fall on record (see Figure 17). Overall, the total stock of consumer credit fell by £26 billion in real terms between April 2020 and March 2022. Together with the rise in saving over this period, this points to a significant improvement in financial balance sheets for families in Britain.

FIGURE 17: **The pandemic saw the largest monthly fall in net consumer credit on record**

Monthly change in net consumer credit lending: UK, April 2018 to March 2022



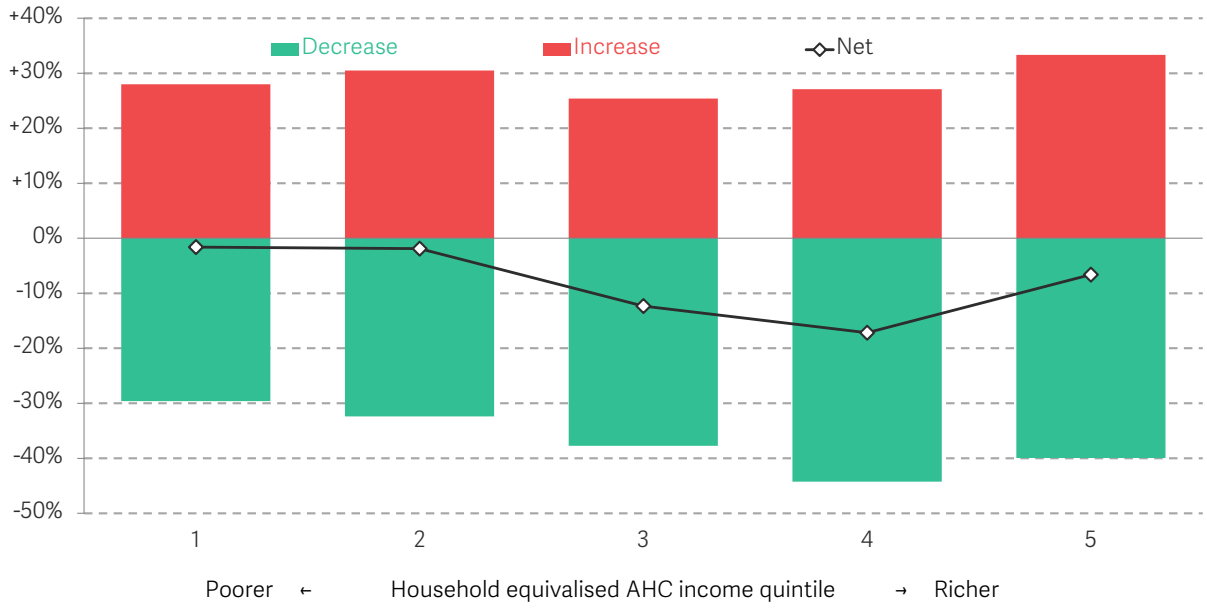
NOTES: Data is seasonally adjusted. Data points are monthly and the last data point is for March 2022.
SOURCE: Bank of England, Bankstats.

WAS data allows us to examine how changes in consumer credit were distributed across income groups during the pandemic. It shows that low-income families were the least likely to reduce unsecured debt between 2019-20 and 2021-22: around three-in-ten (30 per cent) families in the bottom income quintile saw their debt fall, compared to two-in-five

(40 per cent) in the top quintile (Figure 18). Furthermore, by looking at the net position – including those whose unsecured debt increased – it is clear that middle- and higher-income families were more likely to reduce debt than to accumulate it, compared to low-income families.[33]

FIGURE 18: **Low-income families were the least likely to report a fall in debt**

Proportion of non-pensioner families that saw a rise or fall in their unsecured debt between 2019-20 and 2021-22, by equivalised household income quintile in the first period (2019-20): GB



NOTES: Those that saw no change in their liquid savings are not shown.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

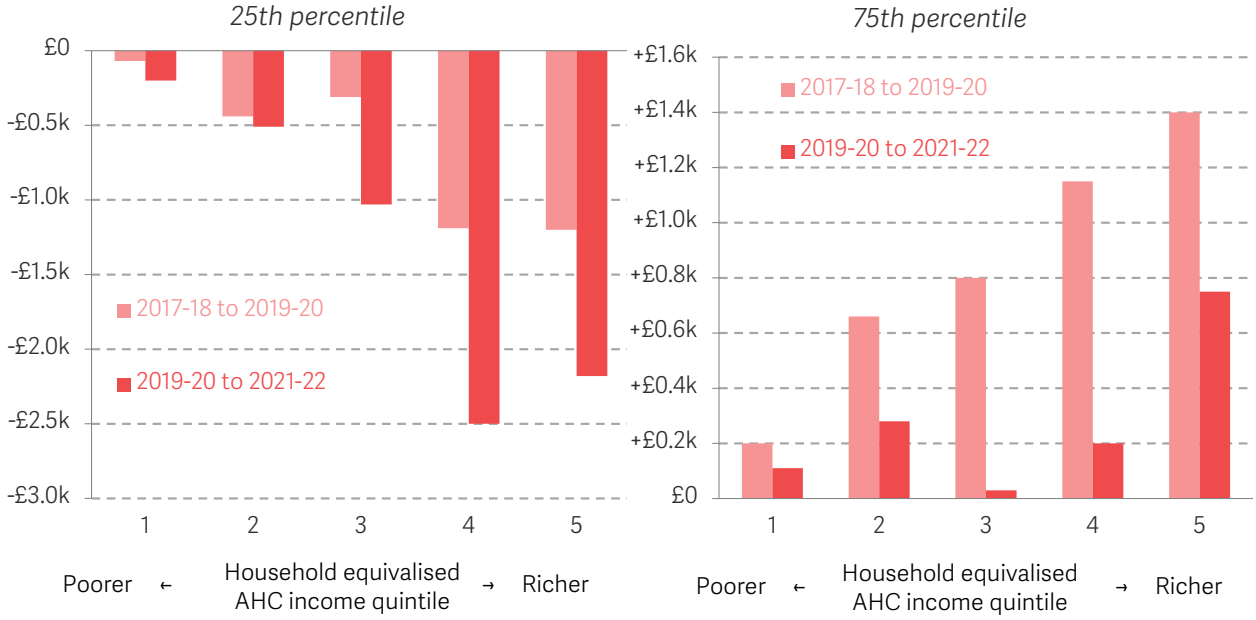
As with saving, there was large variation in the change in debt among families. Figure 19 shows that there was a strong income gradient in debt repayment during the pandemic. For example, a quarter of families in the top two income quintiles saw their unsecured debt holdings fall by around £2,000 or more between 2019-20 and 2021-22. In contrast, families in the bottom income quintile saw their debt fall by just £200 over the same period. Part of this likely reflects the fact that higher-income families were more able to reduce spending during lockdowns, because more of their spending in normal times would have been on goods and services that were heavily affected by lockdowns and social distancing requirements. But another factor is that low-income families typically hold less debt overall, as debt levels tend to rise with income.[34]

33 RF analysis of YouGov, adults age 18+ and the Coronavirus (COVID-19) June 2021 wave.
34 Before the pandemic, the average debt holding for a family in the bottom income decile was around £1,200 in 2018-20, compared to £3,000 for families in the fifth income decile and £3,600 for those in the top decile. See: M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022

What is also evident is that families – particularly those with higher incomes – were able to repay significantly more debt than in the pre-pandemic period. For example, a quarter of families at the top of the income distribution reduced their unsecured debt holdings by £1,000 or more between 2017-18 and 2019-20, half the reduction seen during the pandemic. Some families did increase their unsecured debt holdings during the pandemic (see Figure 19), but these increases were smaller than what is typically seen in non-crisis periods.

FIGURE 19: **Higher-income families were able to make large debt repayments during the pandemic**

Change in unsecured debt at 25th percentile (left panel) and 75th percentile (right panel), by equivalised household income quintile in the first period (2017-18 and 2019-20): GB, 2017-18 to 2019-20 and 2019-20 to 2021-22



SOURCE: RF analysis of ONS, Wealth and Assets Survey.

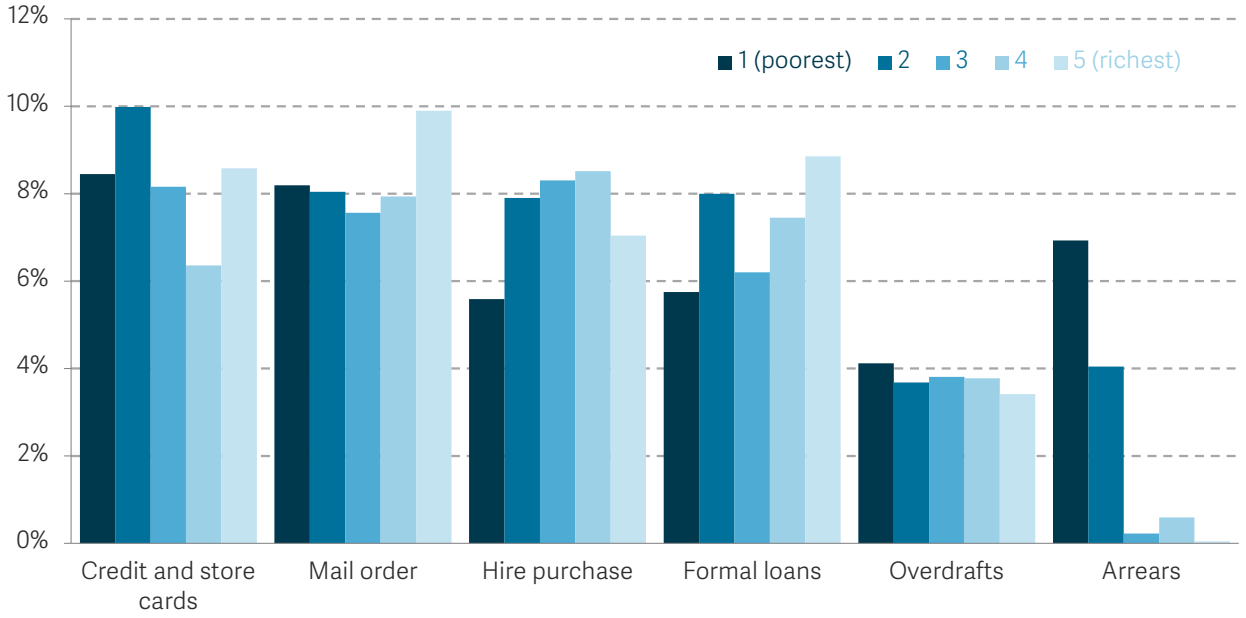
We can also look at the types of unsecured debt families took on during the pandemic. The WAS shows that lower-income families were no more likely than middle- or higher-income families to take on credit and store cards, mail order credit, hire purchase agreements, loans, or overdrafts. For example, 8 per cent of families in the bottom income quintile had no credit or store card debt in 2019-20 but did in 2021-22; this was the same as the proportion of families taking on new credit or store card debt in the top quintile.

However, a much clearer sign of financial distress among low-income families is seen in bill arrears. Between 2019-20 and 2021-22, 7 per cent of families in the bottom income quintile who previously had no arrears fell behind on bills, and there was no such increase

among middle- or higher-income families. However, this pattern does not appear unique to the pandemic. In the pre-pandemic period (2017-18 to 2019-20), the same share – 7 per cent – of low-income families also developed new arrears, suggesting a continuation of existing financial pressures rather than a new trend driven specifically by the pandemic.[35]

FIGURE 20: **Low-income families were more likely to have fallen into arrears than middle- and higher-income families**

Proportion of families that took on new debt between 2019-20 and 2021-22, by equivalised household income quintile in the first period (2019-20): GB



NOTES: New debt measured as not having any of that specific debt type in 2019-20 to having some in 2021-22.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Overall, new data from the Wealth and Assets Survey shows that many families entered the cost of living crisis with improved financial resilience, thanks to the opportunities to build up savings and pay down debt. This finding is somewhat more positive than surveys suggested at the time (see Box 2). Nevertheless, some low-income households were hit hard, experiencing rising debt and falling into arrears. While it is difficult to pinpoint clear patterns in who was most affected, families with low pre-pandemic savings were more likely to struggle: 5 per cent of those with under £1,000 in liquid savings accumulated new arrears, compared to 1 per cent among those with larger financial buffers.[36]

35 The increase in arrears held by low-to-middle income families is discussed in more detail in F Odamtten & S Pittaway, Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families, Resolution Foundation, September 2025.
36 RF analysis of ONS, Wealth and Assets Survey.

BOX 2: New comprehensive data from the WAS paints a more positive picture than surveys conducted during the pandemic

During the pandemic, the Resolution Foundation – along with many others – commissioned surveys to track how families were coping financially. At a high level, these surveys told a similar story to the newly available, more comprehensive WAS: higher-income families were better placed to save and reduce debt than those on lower incomes. But while the broad narrative is consistent, the surveys at the time painted a more negative picture of household finances than the WAS now suggests. This box sets out some of the key differences in findings on savings and debt.

First, pandemic-era surveys pointed to a steep income gradient in saving. For example, between February 2020 and June 2021, just 23 per cent of people in the lowest-income quintile reported increasing their savings, compared with 45 per cent in the highest quintile.[37] By contrast, the WAS covering a similar period shows a much flatter gradient: 55 per cent of families in the bottom quintile increased their liquid savings between 2019-20 and 2021-22, compared with 64 per cent in the top quintile.[38] And although some working-age families did see their savings fall, this was relatively evenly spread across the income distribution, with between 34 and 40 per cent in each quintile reporting declines. In short, the WAS suggests that many more low-income families were able to save during the pandemic than did contemporaneous surveys.

Second, the story on debt differs. Surveys at the time suggested debt rose most sharply for low-income families, with more than one-in-five (22 per cent) in the bottom quintile reporting rising debts and just 14 per cent reporting declines. In the top quintile, the reverse was true, with only 13 per cent reporting higher debt compared to 25 per cent who reduced it.[39] Again, this points to a strong income gradient in debt repayment during the crisis. However, the WAS does not show as steep of an income gradient, suggesting that low-income families were less exposed than initially feared.

Finally, the WAS shows that lower-income families were no more likely than middle- or higher-income families

37 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.

38 Making a direct comparison between the YouGov surveys conducted during the pandemic and the WAS is challenging. However, we have taken several steps to improve comparability. These include aligning the time periods covered, using similar definitions of savings, focusing on changes in family-level savings, and restricting the analysis to the non-pensioner population. One key difference remains: income quintiles are based on family income in the YouGov survey, while they are based on household income in the WAS. In practice, this difference should have minimal impact, as most households consist of a single family unit.

39 RF analysis of YouGov, adults age 18+ and the Coronavirus (COVID-19) June 2021 wave.

to take on credit and store cards, mail order credit, hire purchase agreements, loans, or overdrafts. This contrasts with earlier research suggesting that lower-income, working-age families were more likely to turn to higher-cost forms of consumer credit during the crisis, with credit cards, overdrafts, and retail credit usage reportedly rising more sharply among the lowest-income households.[40]

Both sources of data come from household surveys. But our view is that the WAS is likely to provide a more accurate account for three reasons. First, it has a larger sample size so should have less survey error. Second, WAS weights are carefully designed by the ONS to correct for response bias, while surveys undertaken by YouGov have a less comprehensive weighting algorithm. Finally, pandemic surveys relied on respondents recalling how their savings or debts had changed over time, whereas the estimates shown in this section come from true longitudinal data, in that we have compared what families reported in 2021-22 with what the same families also reported in 2019-20. Taken together, our view is that, although the real-time surveys undertaken in the pandemic captured the broad patterns correctly, they overstated the extent to which low-income families fell behind.

However, data from sources other than the WAS tells us that the resilience built up during the pandemic has since been eroding.[41] As the cost of living crisis has persisted, signs of strain have intensified – from rising food bank use to a sharp increase in bill arrears. For example, in the four years between Q4 2020 and Q4 2024, the total stock of Britain's household energy debt and arrears more than doubled in real terms, rising from £1.6 billion to £3.9 billion in today's prices. We will have to wait for the next wave of the WAS to see the full picture of the cost of living crisis, but early signs point to growing pressure on household balance sheets, especially for those that came into the crisis with lower savings and higher debt.

40 G Bangham & J Leslie, Rainy days: An audit of household wealth and the initial effects of the coronavirus crisis on saving and spending in Great Britain, Resolution Foundation, June 2020.
41 S Pittaway & L Try, The bare necessities: Unpacking the rising cost of essentials for low-to-middle income Britain, Resolution Foundation, June 2025.

Section 4

Wealth mobility in Britain appears limited, particularly for lower-income families

We might be less worried about wealth inequality if there is also considerable wealth mobility. But wealth mobility is limited: having removed the impact of aging on wealth accumulation, the majority of people move no more than one decile above or below their starting position over a four-year period.

Overall mobility is similar across income groups, but the direction of mobility is somewhat different. Almost a half (45 per cent) of people from higher-income families moved up the wealth distribution at least one decile between 2016-18 and 2020-22, compared to 40 per cent among their low-to-middle income counterparts.

Two trends help us understand why poorer families fare worse. First, although those with initially low levels of wealth are more likely to move up the wealth rankings than their wealthier peers of the same age, this happens less for families on a low income. Indeed, this 'penalty' for lower income increases with initial wealth. Second, although all types of wealth matter for changes in upward relative wealth mobility, pension and housing wealth play a particularly large role, and these types of wealth, particularly pension wealth, account for a larger share of higher-income families' wealth portfolios than they do for lower-income families.

Major life events play an important role in moving people up or down the wealth distribution. For example, becoming a homeowner – which is far more common among those from higher-income families – is associated with a large rise up the distribution among higher-income households. Moves into employment also boost wealth, particularly for low-to-middle income families. Among individuals in this group, moving from non-employment to employment between 2016-18 and 2018-20 raised their within-age-group wealth rank by an average of eight points by 2020-22, and additional household members entering work contributed a further eight-point increase in the within-age-group wealth rank. Finally, among individuals in low-to-middle families who report a new a long-term health condition between 2016-18 and 2018-20, average wealth declines by five points in the within-age-group wealth rank by

2020-22, whereas an equivalent change among their higher-income counterparts has a negligible effect on mobility.

The impact of the pandemic, discussed in Section 3, underlines the role of both wider economic conditions and family responses in determining household wealth. But static analysis – focused on the size and distribution – obscures the lived experience of families. So, in this section, we take a deep dive into how – and why – family finances change over time. To uncover these dynamics, we analyse lifecycle wealth mobility – an area not yet systematically studied in Britain – by exploiting the longitudinal dimension of the WAS.[42]

Interpreting mobility therefore needs care. First, mobility captures movements in either direction, but it is obvious that some changes in wealth – such as rising wealth driven by saving and asset accumulation over the life course – are desirable. By contrast, sharp falls among low-income, low-wealth households who cannot insure against shocks, may indicate hardship. Second, although volatility or excessive mobility in family finances at a high frequency might be seen as an undesirable situation, persistently low mobility (when measured over years or decades) can signal barriers that keep families from moving up the wealth distribution. Conversely, high levels of mobility can signal greater equality of opportunity.[43] In this section, then, we present mostly descriptive trends, but we do distinguish between movements up and down the wealth distribution.

Most evidence on mobility concern income – suitable data mean we know far less about wealth mobility.[44] But wealth differs from income because it is shaped by intergenerational transfers: recent work suggests individuals' wealth is increasingly tied to their parents, and cross-country evidence links widening wealth gaps with lower mobility (see Box 3).[45]

42 Previous research has analysed the extent of intergenerational wealth mobility in Britain see inter-alia P Gregg & R Kanabar, Intergenerational wealth transmission in Great Britain, Review of Income and Wealth, 69(4), December 2023.

43 A Andersson, H Berg & M Dahlberg, The social context of nearest neighbors shapes educational attainment regardless of class origin, Proceedings of the National Academy of Sciences, 117(15), June 2020; and R Chetty, N Hendren & L F Katz, The effects of exposure to better neighborhoods on children: New evidence from the Moving to Opportunity experiment, American Economic Review, 106(4), April 2016.

44 S P Jenkins, Changing fortunes: Income mobility and poverty dynamics in Britain, Oxford University Press, September 2011.

45 J C Palomino et al., Wealth inequality, intergenerational transfers, and family background: Intergenerational wealth mobility and the role of inheritance, Oxford Economic Papers, 74(3), July 2022; R Kanabar, Assortative mating and wealth inequality in Great Britain: Evidence from the baby boomer and Gen X cohorts, Institute for Social and Economic Research Working Paper No. 2024-04, November 2024; P Gregg & R Kanabar, Intergenerational wealth transmission in Great Britain, Review of Income and Wealth, 69(4), December 2023.

BOX 3: Evidence on wealth mobility from other developed countries

Previous research using the US Panel Survey of Income Dynamics (PSID) finds the highest levels of mobility are among those aged 25-35, after which individuals stay relatively fixed in the wealth distribution. Specifically, the rank correlation of wealth for the same individual (i.e. the correlation in the position in the wealth distribution) when measured at age 30 and 55 is around 0.59, which implies substantial, although incomplete, mobility.[46] More recent work studying lifecycle wealth mobility, finds that as individual's age their wealth position tends to mirror their parents.[47] In particular, research highlights differential rates of mobility by race: Black Americans achieve lower levels of upward mobility and higher levels of downward mobility between ages 30 and 55 than their white counterparts, even after controlling for initial wealth.

Despite having higher levels of intergenerational mobility and rising mobility over the lifecycle from a comparative perspective (until individuals reach roughly age 50), recent evidence suggests individuals in Nordic countries also exhibit relatively low levels of mobility at the tails of the wealth distribution. For example, 60 per cent of Norwegians remain in the top or bottom quintile throughout their life.[48] Thus, mobility is driven by the remaining 40 per cent who transition between the middle three quintiles of the wealth distribution. Importantly, factors such as human capital investments are associated with mobility, whereas parental resources strongly predict who remains in a particular part of the wealth distribution.

In the rest of this section, we analyse wealth mobility in Britain using WAS data from 2010-12 to 2020-22, focusing on the prime years of wealth accumulation (i.e. restricted to working-age individuals). We demonstrate the extent of wealth mobility and how that varies by initial wealth and income. We then consider which types of wealth are responsible for driving overall changes in total net wealth over time. Finally, we analyse what changes in circumstances mean for wealth mobility.

But there are two definitional issues that need highlighting.

46 A Shiro et al., Stuck on the Ladder: Intragenerational wealth mobility in the United States. American Enterprise Institute & Brookings Institution, June 2022.
47 C van Langenhove, Wealth Mobility in the United States: Empirical Evidence from the PSID, Faculty of Economics and Business Administration, Ghent University, Working Paper No. 25/1104, April 2025.
48 R Audoly et al., The lifecycle dynamics of wealth mobility, Federal Reserve Bank of New York, Staff Report No. 1097, January 2025.

First, a core issue in mobility analysis is defining how movement in the wealth distribution is measured. Mobility is usually captured in two ways. 'Positional mobility' tracks an individual's rank relative to others at a point in time, while 'absolute mobility' captures changes in actual wealth holdings (measured in pounds) across periods. Rank measures are widely used because they place everyone on a common scale, focusing on relative position rather than differences in wealth levels. Throughout this section, we mainly report findings using the rank measure.

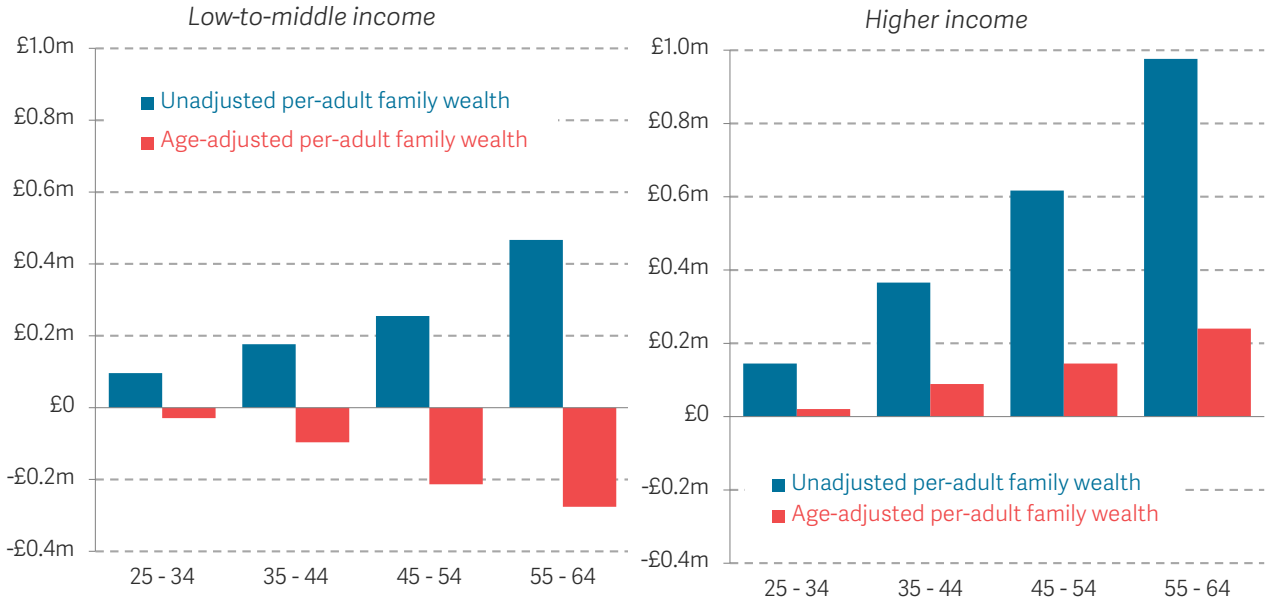
Second, wealth tends to have a strong lifecycle component, with young people accumulating it over time and wealth peaking around retirement age.[49] It is, therefore, crucial to adjust for age when analysing changes in individuals' wealth over time. The findings in this section, therefore, refer to changes in wealth relative to individuals of the same age. To show what a difference this makes, Figure 21 shows average (mean) individual wealth split by age group and whether people are in low-to-middle or higher-income households. It shows much of the change in wealth is simply related to the normal lifecycle accumulation of assets, and so our adjusted series simply subtracts the average level of wealth at a given age (across all families) from each individual family's wealth.[50] This measure has an average value of £0 across the population, and so when we plot the average of this adjusted value for different income groups, this gives us a negative value for the low-income group, reflecting that they have below-average levels of wealth among people in the same age bracket.

49 G Bangham & J Leslie, Rainy days: An audit of household wealth and the initial effects of the coronavirus crisis on saving and spending in Great Britain, Resolution Foundation, June 2020; M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022.

50 We adjust for age in two ways. For analysis which presents level differences, we report residuals from a regression of per-adult, family wealth on age. In the case of mobility analysis, we report individual's rank of wealth within their age group and normalise the scale to ensure all ranks scale between 0 and 1. Such adjustments are typical in research analysing wealth mobility; see, for example: P Gregg & R Kanabar, Intergenerational wealth transmission in Great Britain, Review of Income and Wealth, 69(4), December 2023.

FIGURE 21: **Adjusting for age changes the shape of the wealth distribution**

Unadjusted and age-adjusted per-adult family wealth for individuals in low-to-middle income families (left panel) and higher-income families (right panel), by age group: GB, 2020-22



NOTES: Data has been adjusted to March 2025 prices using CPIH. Sample corresponds to individuals aged 25-54 in 2020-22. Wealth is measured at the benefit unit level.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

This age adjustment helps show the relationship between income and wealth: those in low-to-middle-income families hold about £29,000 below the age-specific average at 25-34 and roughly £276,000 below at 55-64, while those in higher-income families hold about £21,000 above at 25-34 and around £240,000 above at 55-64.[51]

Higher-income and younger individuals experience greater levels of wealth mobility

We start by showing the extent of wealth mobility and how that varies by initial wealth and income. To the best of our knowledge, these are the first estimates of persistence or mobility in the distribution of household wealth in Britain. To do this, we use longitudinal dimension of WAS over the period from 2016-18 to 2020-22.[52] Table 1 reports summary measures for various immobility indices for each period. The first two measures estimate the strength of the association between wealth measured at the two time points, first in terms of the correlation in age-adjusted wealth; and second in terms of the rank of wealth. The next four measures highlight the extent of mobility over two and four years

51 For example, in 2020-22, around 70 per cent of the bottom wealth decile (prior to adjusting for age) consisted of individuals from families in the bottom five income deciles. In contrast, roughly two-in-ten (18 per cent) such individuals were in the top-wealth decile. Across all individuals, we estimate the age-adjusted correlation between the ranks of income and wealth to be 0.39 in 2020-22, indicating a moderately positive relationship.

52 In theory it is possible to follow individuals across entire sample period, but our choice of four years is guided by initial sample size and the level of attrition. Results for 2010-12 to 2014-16 are similar.

based on wealth decile given an individual's starting position. The final two measures estimate the average absolute change in wealth with and without adjusting for age.

TABLE 1: **There is little relative wealth mobility in the short-term**

Measures showing the association between wealth in 2016-18 and wealth two- and four-years later among individuals aged 25-54 in 2016-18, by income group: GB

	Low-to-middle income		Higher income	
	Two years	Four years	Two years	Four years
Correlation	78%	78%	75%	72%
Rank correlation	79%	74%	81%	77%
Proportion remaining in the same decile	43%	33%	43%	32%
Proportion remaining in the same decile or one decile either side	82%	76%	83%	73%
Proportion experiencing a rise in their wealth rank	29%	40%	32%	45%
Proportion experiencing a fall in their wealth rank	29%	27%	25%	22%
Mean change in age-adjusted wealth	-£6,000	-£30,700	£5,200	£26,400
Mean change in unadjusted wealth	£33,600	£68,500	£45,300	£128,200

NOTES: Pound figures are given in March 2025 prices adjusted using CPIH and have been rounded to the nearest £100. Sample corresponds to individuals aged 25-54 in 2016-18 and observed in following two survey rounds. Measures (1)-(7) are based on age-adjusted wealth. Wealth refers to benefit unit, per-adult measure. Age-adjusted average change in wealth is based on a weighted balanced panel regression, average changes calculated as weighted difference in residuals between respective periods.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

The top two rows of Table 1 show that household wealth is sticky. This is consistent with previous research which has estimated similar concepts for household income using British data from the early 1990s: one- and three-year correlations in household income were estimated to be 0.80 and 0.69.[53] Put another way, there is a high level of short-term persistence in wealth over a period of two years that only declines gradually when we increase the sample period. Such persistence holds irrespective of whether it's measured in terms of the (age-adjusted) level of wealth, or in terms of the changes in the position in the distribution (i.e. the within-age-group rank measure).[54] This stickiness is also shown in the fact that the overwhelming majority of individuals, irrespective of income, remain in the same wealth decile or move, at most, one decile either side.

Nevertheless, we find a discernible difference, irrespective of the period we track individuals, in the proportion of individuals who experience moves up the (age-adjusted) wealth rankings, by income group. For example, over a four-year period, 45 per cent of individuals from higher-income families moved at least one decile upward, compared to only 40 per cent of individuals living in low-to-middle income families. In contrast, a higher proportion of people belonging to low-to-middle income families experience a fall in (age-adjusted) wealth, irrespective of the period considered.

The final two rows of Table 1 highlight that individuals from low-to-middle, and higher-income, families experienced, on average, positive changes in their wealth holdings and the size of the change increases as we increase the sample period. But the extent of gains differs by income group: between 2016-18 and 2020-22 individuals residing in low-to-middle families gained on average, £68,000, whereas those from higher-income families gained nearly double that level. However, once we account for age effects, the size of the change falls (consistent with Figure 21). For example, in the case of individuals residing in low-to-middle income families it is negative. Specifically, over a two- and four-year period, age-adjusted wealth falls by around £6,000 and £30,000 respectively. In contrast, higher-income households gained £5,000 and £26,000 respectively over the same period. These changes are driven primarily by differences in the rate at which pension wealth is accumulated, and to a lesser extent by differences in housing and financial wealth.[55]

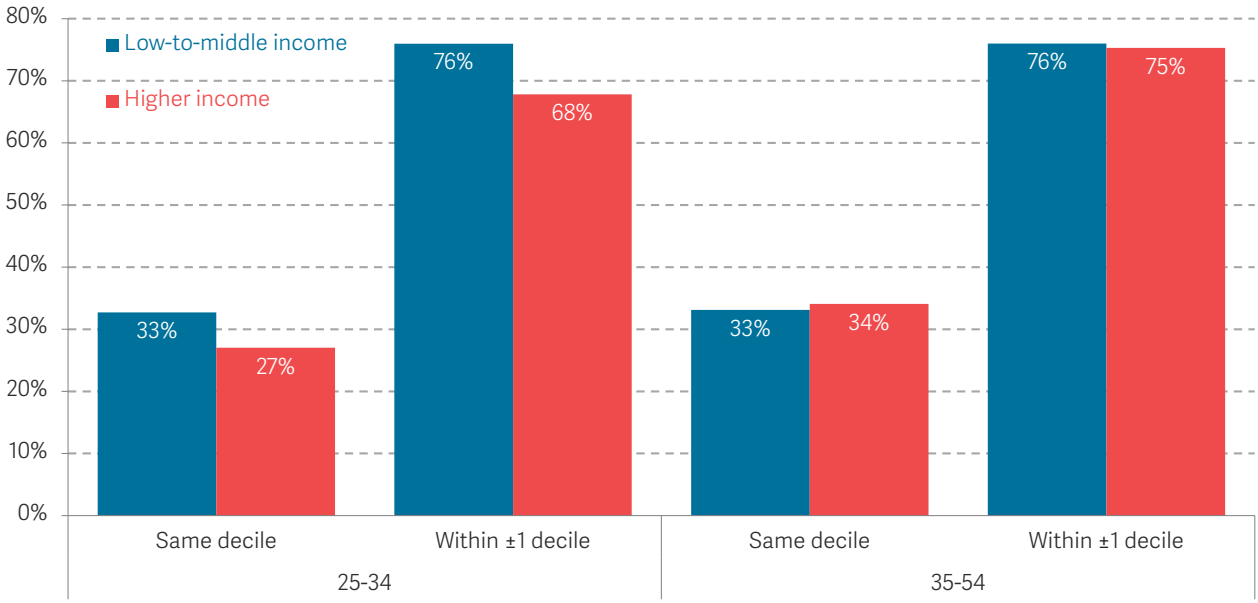
Finally, Figure 22 explores at what point in the lifecycle is the divergence between lower- and higher-income families greatest. It shows that younger-age groups (aged 25-34 in 2016-18) by-and-large exhibit greater levels of mobility over a four-year period, and this is driven by individuals belonging to higher-income families. For example, we find only 27

53 S P Jenkins, Changing fortunes: Income mobility and poverty dynamics in Britain, Oxford University Press, September 2011.
54 We also estimate the correlation for log transformed total net wealth which compresses the tails of the wealth distribution. In this case the correlations over two- and four-year intervals among people in low-to-middle income households is 0.42 and 0.44; and for higher income counterparts 0.53 and 0.47, respectively.
55 This pattern of findings is consistent with recent US evidence, see: A Shiro et al., Stuck on the Ladder: Intragenerational wealth mobility in the United States, American Enterprise Institute & Brookings Institution, June 2022.

per cent of individuals in this group remain in the same wealth decile four years later; the figure stands at 34 per cent among those aged 35-54.

FIGURE 22: **Higher-income and younger individuals are less likely to stay in the same wealth decile**

Proportion of people remaining in the same wealth decile and one decile either side of their initial position in 2016-18 four years later (2020-22), by age and income group in 2016-18: GB



NOTES: Wealth is measured at the benefit unit level. Sample corresponds to individuals aged 25-54 in 2016-18.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

These findings are consistent with recent evidence based on US microdata which found that the majority of lifecycle wealth mobility is attributable to individuals aged 25-35; after which individuals' position in the wealth distribution is relatively sticky.[56]

Individuals with lower wealth tend to be more upwardly mobile, but the extent differs by income

The analysis above looked at mobility, a concept that does not distinguish between upward and downward movements in wealth equally. But the finding that individuals in low-to-middle income families are less mobile, and less likely to experience positive positional mobility, needs to be considered in the context of their initial position in

56 See: A Shiro et al., Stuck on the Ladder: Intragenerational wealth mobility in the United States, American Enterprise Institute & Brookings Institution, June 2022. Importantly, this US research also documents substantial differences in relative wealth mobility by income group: individuals belonging to the 10th wealth percentile and bottom income tertile in their early 30s are estimated to reach the 18th percentile of the wealth distribution by their late 50s; by contrast, those in the top tertile are predicted to reach the 55th wealth percentile. Previous research documents a similar finding based on cross section data in terms of wealth level for Britain, see: P Gregg & R Kanabar. Parental homeownership and education: The implications for offspring wealth inequality in Great Britain. Journal of Social Policy, 54(2), June 2025.

the wealth distribution. So next we analyse mobility by looking directly at changes in people's (age-adjusted) wealth rank between 2016-18 and 2020-22.[57]

The results are shown in Figure 23, which plots the change in individuals' rank in the (age-adjusted) wealth distribution over a four-year period against their starting position in the wealth distribution, and whether they were initially in a low-to-middle or high-income family.

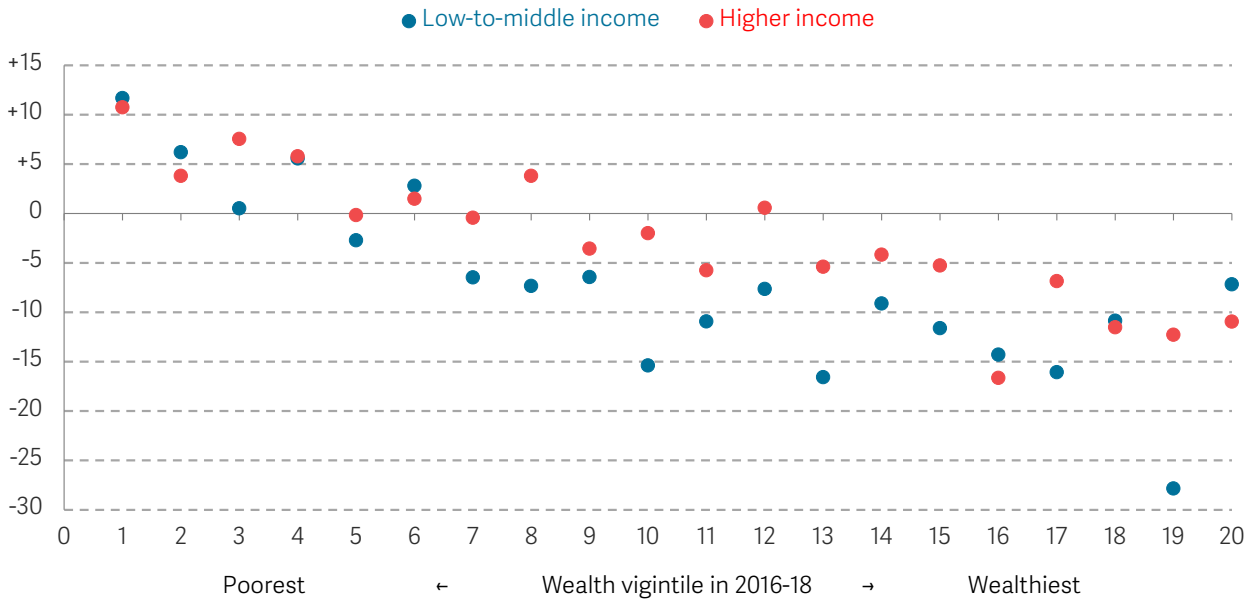
Two striking findings emerge. First, there is a clear downward relationship between individuals' initial-wealth position and the change in their (within age-group) wealth rank. This is the classic finding of 'mean reversion' which has been documented in the case of income and, more recently, wealth.[58] Put another way, individuals who in 2016-18 had below-average levels of (age-adjusted) wealth are more likely to rise up the wealth distribution than individuals with above-average levels of (age-adjusted) wealth. Second, after controlling for initial wealth, individuals from higher-income families show greater upward relative wealth mobility than those from lower-income families, although this pattern is less evident at the bottom third of the wealth distribution.

57 We have also done the analysis for the 2010-2016 period, and the findings are qualitatively similar. Note that we define wealth rank using the full cross section of data available in each wave or round of the WAS and then construct the balanced panel used for analysis purposes. Survey attrition means that we lose sample members over time. This implies that the change in rank does not equal zero across our balanced panel (it would if we defined rank within the panel, but doing so would then not account for population-level changes in wealth holdings observed in the full cross section); indeed, the average change across all individuals in our balanced sample is -0.05, which implies it is wealthier individuals (when initially observed in 2016-18) who remain in our sample. This is consistent with the findings reported in Figure 21.

58 G Solon. Intergenerational income mobility in the United States. American Economic Review, 82(3), June 1992; A Shiro et al., Stuck on the Ladder: Intragenerational wealth mobility in the United States. American Enterprise Institute & Brookings Institution, June 2022.

FIGURE 23: **People in higher-income families are more likely to rise up the wealth distribution than their low-to-middle income counterparts, irrespective of their initial wealth position**

Changes in wealth rank between 2016-18 and 2020-22, by wealth vigintile and income group in 2016-18: GB



NOTES: Wealth is measured at the benefit unit level. Sample corresponds to individuals aged 25-54 in 2016-18.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

We also note that the difference between how lower- and higher-income families move up the wealth rankings increases across the initial wealth distribution. For example, among people at the 25th percentile of wealth in 2016-18, the higher-income families end up, on average 2.5 points higher up the final wealth rankings in 2020-22 than do those from lower-income families (here, we are giving families a ranking from 0 to 100 in the within-age-group distribution of wealth); among individuals initially at the 75th percentile of wealth, the difference is larger, at about 6.5 points.[59]

Taken together, our findings imply that people in low-to-middle income families are much more likely to see falls in their wealth ranking, particularly if they've had relatively high initial wealth.[60]

59 We also estimate individual's expected wealth rank in 2020-22 as a function of initial wealth rank in 2016-18 by age group and find the average difference across all individuals by income group is around twenty rank points or two deciles, underlining the large difference in relative wealth position irrespective of age.

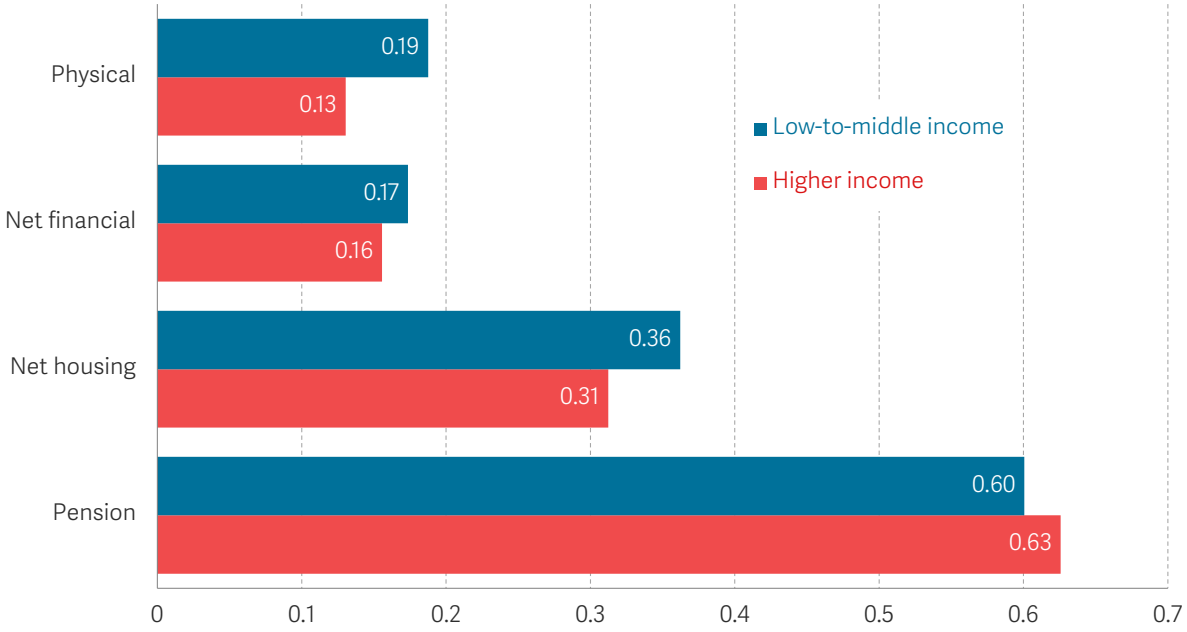
60 To quantify these effects, we estimated a regression of the change in individual's rank of wealth between the initial and final period of observation, on their initial wealth rank, income group and the interaction between these two characteristics; alongside a set of controls which includes gender, age, education level and region. A one-decile increase in individuals initial rank of wealth is associated, on average, with a negative 2.3 rank point change in an individual's wealth rank between 2010-12 and 2014-16. We also find that belonging to the bottom half of the income distribution in 2010-12 is associated with a strong negative penalty (3.5 rank points) in terms of the effect on the change in wealth between waves. Moreover, the interaction of these terms is statistically significant and negative. The qualitative nature of the findings remains unchanged when we consider the period 2016-18 to 2020-22, although the interaction is no longer significant at conventional levels though almost identical in magnitude.

Changes in pension and housing wealth are the most important determinants of relative wealth mobility

Having shown that there is limited levels of mobility, particularly for individuals belonging to lower-income families, it is important to look at which components of wealth are responsible for driving changes in individual's position in the wealth distribution. Figure 24 shows estimates from a regression that link changes in an individual's wealth rank (between 2016-18 and 2020-22) to changes in the ranks of different wealth components, while controlling for initial wealth. By interacting initial income with each component, we can also identify whether certain assets contribute more to mobility for low-to-middle income families, who are much more likely to occupy the lower half of the wealth distribution.

FIGURE 24: **Changes in pension and housing wealth are the main determinants of overall wealth mobility in Britain**

Marginal effect of a rank-point change in wealth component on the change in individual's total net wealth rank between 2016-18 and 2020-22: GB



NOTES: Wealth is measured at the benefit unit level. All ranks are calculated within age groups. Sample corresponds to individuals aged 25-54 in 2016-18. Regression also controls for initial wealth rank and initial income position. All coefficient estimates are statistically different from zero.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Figure 24 shows that changes in pension and housing wealth have larger impacts on wealth mobility than changes in financial or physical wealth. Differences across income groups are small, and only statistically significant for physical wealth.[61]

61 The qualitative nature of the findings is similar for the period 2010-2016, although in this period financial wealth as well as physical wealth disproportionately affects wealth mobility among individuals from low-to-middle income households.

These findings highlight how the composition of household wealth helps explain why wealth mobility in Britain varies across income groups. In particular, changes in pension wealth emerge as the component most strongly linked to shifts in total-net-wealth position, and people in higher-income families have a greater proportion of their wealth in pensions than people in lower-income families. For example, among 40-44-year-olds in 2016-18, pensions accounted for 36 per cent of total wealth in higher-income families, compared with 31 per cent in lower-to-middle income families. We observe a similar finding in the case of net housing wealth which accounts for 31 percent of total net wealth in the case of 40-44-year-olds in higher-income families but only 28 per cent among their low-to-middle income counterparts.[62]

Changes in homeownership, employment and partnership have a profound effect on relative wealth

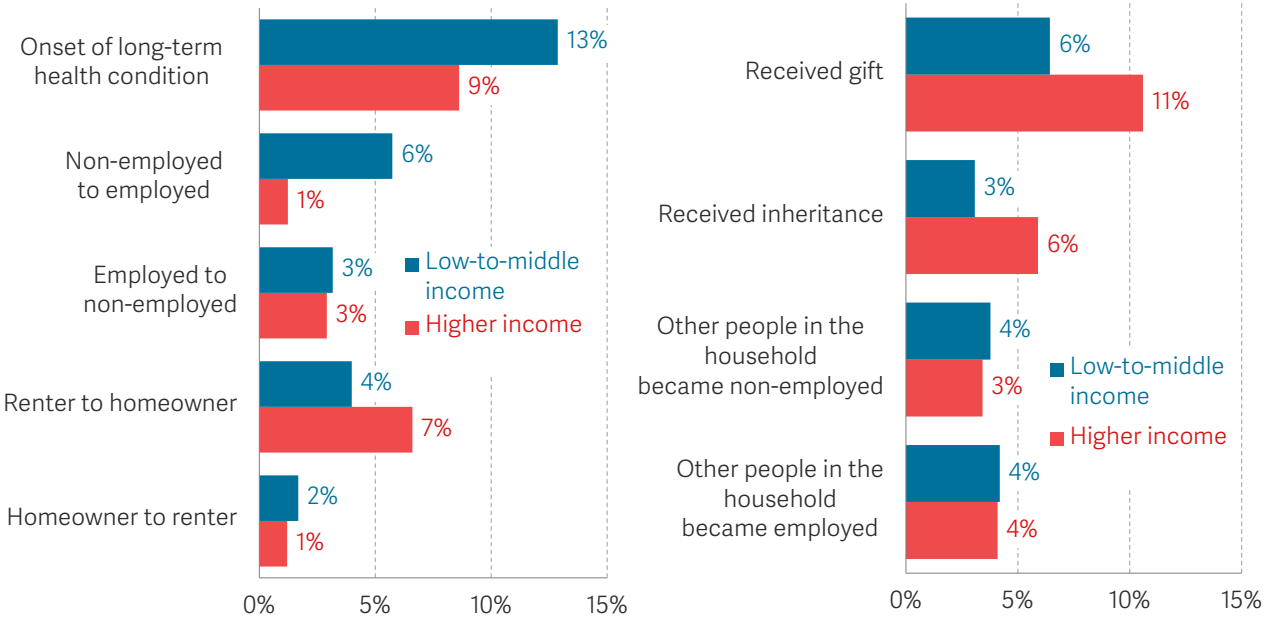
So far, we have looked at how wealth mobility differs between people of different ages, income levels and wealth levels. We now go on to look at what events in people's lives are associated with changes in wealth. In particular, the analysis below considers the relationship between changes in various characteristics between 2016-18 and 2018-20 and overall changes in wealth between 2016-18 and 2020-22. This means that, rather than assessing the instantaneous impact of changes in circumstances on individuals' relative wealth position, we document how (for example) changes in housing tenure between 2016-18 and 2018-20 influence overall changes in relative wealth. We do this in part to reduce the extent to which the associations below are driven by the change in wealth leading to changes in the household characteristics.

Before looking at the results, it's important to keep in mind that the likelihood of some of these events vary by income. For example, as shown in Figure 25, buying a house is much more common for people in higher-income families (7 per cent versus 4 per cent between 2016-18 and 2018-20). In contrast, the share moving from unemployment into employment is higher among people from low-to-middle income families (6 per cent vs 1 per cent), a composition effect reflecting their higher unemployment rate to begin with. Similarly, a higher share of people in low-to-middle income families reported developing a new health condition between 2016-18 and 2018-20, with rates 4 percentage points higher than among their higher-income counterparts (13 per cent versus 9 per cent). In the other direction, individuals in low-to-middle income families report a lower prevalence of new inheritances than those in higher-income families.

62 The qualitative nature of the findings by income group is similar for the period 2010-2016.

FIGURE 25: **The likelihood of key life events varies significantly by income**

The proportion of individuals experiencing specific life events between 2016-18 and 2018-20, by income group in 2016-18: GB



NOTES: Wealth is measured at the benefit unit level. Sample corresponds to individuals aged 25-54 in 2016-18.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Figure 26 shows the association between selected life events on wealth rank, controlling for individuals' initial wealth position and income group (defined in the initial period).[63] We now discuss the key findings in turn.

Looking at housing tenure, the result show that a transition from homeownership to rented accommodation is associated with a 13-rank-point decline in the wealth distribution among those in higher-income families (compared with those experiencing no change in housing tenure, and of a similar age). On the other hand, among the same group, moving from rented accommodation to homeownership is associated with significant upward positional mobility (9 rank points).[64] Becoming a homeowner should not by itself lead to a rise in net wealth (indeed, buying a home is costly – not least reflecting expenses and tax liabilities – so net wealth should fall at the instant someone buys a home). But individuals may receive financial assistance around the time of their house purchase, and the level of such transfers has been shown to differ by family background.[65] Collectively, these findings appear consistent with research showing that,

63 We find the size of new gifts, increases in the number of individuals working in the household and transitions between non-employment and employment do not have a statistically significant effect on relative wealth mobility. While the size of new inheritances has a significant positive effect on relative wealth mobility for individuals from higher-income families, the magnitude of the coefficient is close to zero.
64 The qualitative nature of the findings is unchanged if we consider the period 2010-2016.
65 We can see some supporting evidence for this: the average level of total gifts and inheritances received among individuals aged 25-34 from higher-income families who moved from being renters to homeowners between 2016-18 and 2018-20 was £7,000; the equivalent figure among those from low-to-middle families was £100. For a wider discussion, see: L Van Der Erve et al., Intergenerational mobility in the UK. IFS Deaton Review of Inequalities, September 2023.

in Britain, homeownership by age 35 is relatively more common among those from highly-educated homeowner backgrounds, and that their net housing wealth is also higher.[66]

FIGURE 26: **Changes in housing tenure, employment and partnership status are the key drivers of relative wealth mobility**

Marginal effects of selected life events that occurred between 2016-18 and 2018-20 on wealth rank in 2020-22, by income group in 2016-18: GB

NOTES: Base group: female aged 25-29, living in a higher income family in 2016-18 who do not experience any changes in their circumstances. Regression specification also controls for initial rank of wealth and income group in 2016-18. Asterisks represent significance of selected life events on wealth rank with * indicating the result is significant at the 10 per cent level, ** at the 5 per cent level and *** at the 1 per cent level.
SOURCE: RF analysis of ONS, Wealth and Assets Survey.

Looking at employment changes, Figure 26 shows that the effects of losing or finding a job differ by income group. Individual job losses are associated with particularly large downward wealth mobility among those in higher-income families. By contrast, gains in employment at the individual and household level have a stronger positive effect on relative wealth for individuals in low-to-middle income households.[67] We also find that a newly reported long-term health condition reduces wealth rank by almost 5 rank points for someone in a low-to-middle income family, but has essentially no impact on those from higher-income families.

66 P Gregg & R Kanabar. Parental homeownership and education: The implications for offspring wealth inequality in Great Britain. Journal of Social Policy, 54(2), June 2025.
67 Controlling for other factors, household job loss is linked to upward relative mobility among higher-income families. This association is concentrated among those aged 50-54 in 2016-18, who experienced pension wealth gains over the period from 2016-18 to 2020-22. This is consistent with strong pension accumulation in the 50's, especially among higher earners, in Great Britain, see: M Broome & I Mulheirn, Perfectly adequate? Resolution Foundation, October 2024.

Finally, we find that receipt of inheritances have, unsurprisingly, a positive effect on relative wealth, although this does not differ by income group.[68] Of course, this hides that, in absolute terms, the average level of inheritance received by individuals belonging to higher-income and higher-wealth families tends to be higher in absolute terms to begin with. For example, someone in the top fifth of their age group's wealth distribution is twice as likely to receive a financial gift as someone in the bottom fifth, at 8 per cent versus 4 per cent.[69]

This section has presented the first estimates of persistence or mobility in the distribution of household wealth in GB. This is an important issue, as high wealth mobility can indicate greater equality of opportunity; persistently low mobility signals barriers to moving up. Using the WAS, we show that wealth mobility in Great Britain is limited: across income groups, most families move at most one decile either side of their starting point. The concern is greatest for low-to-middle income families, who are both concentrated in the lower end of the wealth distribution and exhibit less mobility. The key lifecycle escalators that typically improve wealth – especially entering homeownership and receiving financial transfers – are also less common for this group. Taken together we find low degrees of mobility, and there are clear links between families' income and their likelihood of moving within, and (crucially) progressing up, the wealth distribution.

68 See also: P Fessler & M Schürz. Private wealth across European countries: the role of income, inheritance and the welfare state, ECB Working Paper, September 2015.
69 S. Pittaway, Inequality control: Why wealth inequality has not increased while asset prices have soared and what that means for the future, Resolution Foundation, November 2024.

Section 5

Conclusion

Over the past two decades, Britain's wealth landscape has been shaped by persistently low interest rates and strong asset price growth. The pandemic years extended these trends, pushing total household wealth to 7.5 times GDP in 2020-22. Alongside passive gains from rising asset values, wealth growth during the latest period was also driven by a surge in household saving and substantial debt repayments, as lockdowns, travel restrictions, and social distancing curtailed spending opportunities.

These conditions strengthened the balance sheets of many families, particularly those in the middle and upper parts of the income distribution. But gains were far from universal: some low-income households saw their savings depleted and debts rise, leaving them more vulnerable to the cost of living crisis that followed. As a result, despite the large changes to household balance sheets, the pandemic did little to alter the long-standing pattern of wealth accumulation and inequality in Britain. Uneven saving and debt repayment, combined with passive wealth gains, widened absolute wealth gaps further, deepening both generational and regional divides. As we flagged in the introduction, though, this report is based on the latest WAS data which covers the 24 months up to March 2022. Since then, rising interest rates have brought four decades of increasing wealth to an abrupt end, potentially throwing some of the trends discussed in this report into reverse.

This report has also provided the first comprehensive analysis of wealth mobility in Britain. Over a period of four years, there is generally limited wealth mobility, with individuals typically moving, at most, one decile relative to their initial wealth position. We find that individuals in low-to-middle income families exhibit lower levels of mobility and are more likely to experience downward wealth mobility. Relatedly, wealth composition matters: housing and, especially, pension wealth disproportionately influence overall wealth mobility, and individuals living in higher-income families hold a larger share of their wealth in these asset classes.

Great Britain continues to exhibit high and persistent wealth inequality, with mobility limited. Addressing this will require policy focused not only on incomes, but on expanding asset ownership (notably access to secure, affordable homeownership) and strengthening opportunities for accumulation over the life course –particularly via adequate and inclusive pension saving.

Annex 1 – Pension valuation methodology

Typically, defined benefit (DB) pensions involve an employer promising to pay an employee a percentage of their final or career-average salary every year from a set retirement age until death, with the percentage increasing for each year the employee remains in the scheme. Estimating the value of these promises is complicated and involves making assumptions about when a person's pension will start to be paid, how long payments will continue, how much will be paid each year, and discounting that future income stream to reflect its value in today's terms.

In the latest data, the ONS reviewed the methodology used to estimate DB pension wealth in the Wealth and Assets Survey (WAS). The stated reason for the change was to "bring further stability to pensions wealth estimates and, by extension, total wealth estimates over time, better reflecting the stability of DB pension promises for those that hold them".[70]

This annex sets out the methodological changes introduced by the ONS and explains the Resolution Foundation's preferred approach, which has been applied throughout this report.

Changes to the methodology

Three changes have been made to the methodology used to calculate DB pension wealth:

- First, the new approach accounts for inflation protection in DB pensions both before and after retirement, whereas previously only post-retirement increases were considered. This is an improvement that better reflects how DB pensions operate in practice.
- Second, the methodology now assumes that individuals can only access DB pensions from age 60, correcting an unrealistic assumption that pensions could be drawn much earlier.
- Lastly, the ONS has replaced market-based annuity rates with annuity rates based on the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate to convert future pension income into present value. The SCAPE discount rate is used by the UK Government to set the discount rate for valuing public sector pension liabilities and is based on medium-term UK GDP growth forecasts rather than current market interest rates.[71]

70 Office for National Statistics, Estimating defined benefit pension wealth in Great Britain: December 2024, December 2024.
71 Government Actuary's Department, Public service pension schemes - SCAPE discount rate methodology: a GAD technical bulletin, March 2023.

In agreement with the Institute for Fiscal Studies, we believe that the first two changes are improvements to the methodology used to determine the value of DB pensions, but the third revision has resulted in the WAS no longer accurately reflecting the true value of DB pensions.[72]

Market-based annuity factors provided a specific valuation for the pension income promised at the time of interview; in other words, it provided an estimate of what a respondent would get if they were to sell their current DB pension rights at the time of the interview. Using SCAPE-based annuity rates smooths out market fluctuations and therefore masks the fact that DB pensions are significantly more valuable when interest rates are low, since it takes more money to purchase an annuity that delivers the same future income stream.

The Resolution Foundation has adopted the first two methodology changes introduced by the ONS but continues to use market-based annuity rates to value DB pension wealth. DB pension wealth is therefore calculated using the ONS' original formula, but with the two small adjustments.[73]

$$W_i = \frac{A_R y_i^{\rho} + L_i}{(1+r)^{R-a}}$$

Where:

- A_R is the age-specific annuity factor at normal pension age, , based on (single life) annuity rates assuming average age-specific life expectancies.
- y_i^{ρ} is annual pension income, defined as where:
  - α_i is the accrual fraction;
  - n_i is the length of time the individual has been in the scheme; and,
  - s_i is the individual's gross pay at the time of interview.
- L_i is the lump sum that the individual expects to receive at retirement.
- r is the SCAPE discount rate, which is now the real return rather than the nominal return, e.g. 1.7 per cent rather than 1.7 per cent above CPI in the month of interview.
- R is the normal pension age in the pension scheme, which now assumes that individuals cannot access their DB pension before the age of 60.
- a is the individual's age at interview.

72 S Adam et al., £2 trillion poorer than previously thought? Assessing changes to household wealth statistics, Institute for Fiscal Studies, March 2025.
73 Office for National Statistics, Wealth and Assets Survey User Guide Round 7.

This methodology is not without limitations. For example, the SCAPE rate does not reflect prevailing market interest rates, and using an individual's gross pay at the time of interview does not distinguish between final salary and career-average schemes. Nonetheless, given the inherent complexity of valuing future income promises, we consider the underlying assumptions and formula to be robust, providing a consistent and comparable measure of wealth across all waves of the WAS.

Annex 2 – Estimating active and passive wealth accumulation

Estimating why wealth changes occur is a challenge because the available data only provides a snapshot of household balance sheets once every two years – we cannot directly observe the rates of return that assets experience, nor the saving and spending decisions families take over time.

To bridge this gap, we use the survey's longitudinal element, which follows households across successive waves. We take the observed change in wealth levels for each family and decompose it into two categories: passive accumulation – this is the expected change in wealth given by the average returns on assets held in the first period; and active accumulation – this is the residual but can be thought of as the net sum of savings, changes in debt, and wealth transfers.

To estimate passive accumulation, we match the WAS' most detailed available breakdown of asset holdings to external data on average returns:

- For housing assets we take the ONS' regional house price index and use that to estimate the real change in the value of main residences for owner-occupiers, and for other property assets we use the UK national house price index (because the survey does not record the location of other housing assets).
- For financial assets we apply interest rates and equity returns to detailed categories of asset types, from current accounts to ISAs, bonds, and equities.
- On defined contribution (DC) pensions the WAS does not provide detailed information of the composition of assets within defined contribution pension pots so we assume a 70:30 split between equities and bonds, which, 10 years prior to retirement age, rolls down linearly to 70 per cent bonds and cash.
- Finally, we do not model changes to the value of defined benefit pensions or pensions in payment. This is because there has been relatively little change in the inputs to calculating the value of these assets and, unlike with other asset classes, changes in the measured value of the assets does not have a direct impact on potential consumption or welfare.

We assume all assets within a class change at the same rate. While this will not perfectly reflect individual price changes, it should be accurate on average. Active accumulation is then calculated as the difference between observed wealth and the sum of initial wealth plus estimated passive gains.

Annex 3 – Data citations

Data citations

- Wealth and Assets Survey (series page here):
  - Office for National Statistics. (2019). Wealth and Assets Survey. [data series]. 2nd Release. UK Data Service. SN: 2000056, DOI: http://doi.org/10.5255/UKDA-Series-2000056
- Households Below Average Income (series page here):
  - Department for Work and Pensions. (2021). Households Below Average Income. [data series]. 3rd Release. UK Data Service. SN: 2000022, DOI: http://doi.org/10.5255/UKDA-Series-2000022
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The Resolution Foundation is an independent think-tank dedicated to lifting living standards in the UK. We focus particularly on households with low and middle incomes; those on low pay or in precarious work; and those vulnerable to financial shocks. We also investigate fairness between the generations in our Intergenerational Centre.

We aim to provide rigorous analytical work, develop effective policy proposals, and use our expertise to affect direct change. We analyse the trends and outlook for living standards, including for different age groups, family types, and levels of household income and wealth, and seek to promote greater understanding of these. Our research focuses both on the specific areas of the economy that matter most for people's living standards, including work and housing; and on economic growth and productivity as the route to sustainably higher living standards. We also examine the role of government in improving living standards including through taxes, social security and public services.

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