

Intergenerational Transfers and Asset Inequality in Japan: Empirical Evidence from a New Survey Data

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Abstract

This paper quantitatively evaluates potential factors that affect the amount of gifts and inheritance received by a married-couple household from their parents. We estimate gifts and inheritance amount function, using a unique microdata taken from the “*Survey of Family Relationship, Job Experience, and Intergenerational Transfers*,” conducted in January 2010 by the Economic and Social Research Institute. We applied Tobit model to our censored data to obtain a gifts and inheritance function. We also applied interval regression and ordered probit models to the same data in order to verify the independence of our results from our choice of econometric methodology.

Estimated functions first show that most of intergenerational transfers occur at the time of the death of heir’s parents in Japan. Furthermore, and more importantly for the focus of this paper, they confirm that the amount of gifts and inheritance is positively correlated with the amount of the household head’s earnings and/or household assets. However, the contribution by the intergenerational transfers, i.e., gifts and inheritance, to widen asset inequality among Japanese households appears to be quantitatively limited.

JEL Classification: D12, D91, E21

Key words: Inheritance; Gift; Asset inequality; Japan.