



The INHERITANCE ECONOMY

Unpacking how the Bank of Mum and Dad has changed the way younger generations live

By: Dr. Eliza Filby

Dr. Eliza Filby is an award-winning British historian, thinker, and writer whose work focuses on the evolution of money, family, and identity in the 21st century. Her 2024 book, *Inheritocracy*, explores how parental financial support—or “the Bank of Mum and Dad”—and generational wealth have fundamentally changed the way millennials and Gen Z live and reach life milestones when compared to older generations. During last fall’s Minerva Summit, Dr. Filby broke down these shifts and what they mean for how younger people approach money and wealth. Below is an edited version of her keynote address.

If a society is a meritocracy, it is built on hard work and reward. “Inheritocracy”—the title of and idea behind my 2024 book—is a complete antithesis to that. It’s a society where opportunity is not defined by what you earn or learn, but by whether you have access or not to the Bank of Mum and Dad.

I was the first generation in my family to ever go to university. As the father of three girls, it was my father’s dream that

we were all educated as much as possible because that, we were all told, was how to find opportunity and financial stability. By the age of 31, I had three degrees, because I went to university and never left, and I started to realize something quite disturbing. I was a lecturer at King’s College London, yet I also had a part-time cleaning job because the wages at my teaching job did not pay what I needed to live in the city. I was even living in my parents’ second home rent-free because that was the only

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way I could afford to work at the university. And I was profoundly and acutely aware that a lot of my friends who were succeeding were not succeeding because they were earning lots of money; they were succeeding because they had the safety net and the springboard of mum and dad—and so did I. Gradually, I realized that, increasingly, it was the access and opportunity that my parents were providing for me that was defining where I was in life. And, in different ways, this is the post-2008 story for millennials and Gen Z.

THE INHERITOCRACY AND DELAYED MILESTONES

“Parents have become the gatekeepers to their children’s adulthood.” This quote summarizes what has been happening since 2008. The wealth level of the previous generation is determining which milestones are achievable and which ones are not for millennials and Gen Z.

What was very clear as I was writing my book was that anyone under the age of 45 had experienced delayed adulthood compared to their parents. We used to think that you reach adulthood at around 21. Now, it’s more likely to be 30. (It may even be 35 for young men, because there is a gender pay gap when it comes to the Bank of Mum and Dad. Sons get more than daughters; sons live at home longer than daughters.)

Think about the five milestones of adulthood: finishing your education, leaving home, getting married, having children, and becoming financially independent from your parents. I was doing those five things approximately a decade later than my mother, who’s a baby boomer, did them. That’s partly because I had “my fun years,” which extended well into my 30s; I had so many fun years, I had to grow up very, very quickly. I had two kids and bought a house in a short amount of time.

In recent years, we are delaying key milestones, both because of freedom and expenses. For example, not only do people not want to have children as young, they can’t afford to either. But what this is doing is changing the life course.

GENERATIONAL DIFFERENCES AND THE TRANSFER OF WEALTH

When I was writing the book, I interviewed a 38-year-old woman called Alena, who is from Mumbai. She comes from a culture where it was expected that the Bank of Mum and Dad would provide. She said, “My dad has been saving for my education and my wedding since I



Top to bottom: Host of the Minerva Summit, Dr. Wendy Cecil; Dr. Eliza Filby; Mathew Harrison

was four. Why is this even an issue?” She lives in a very nice part of West London, which she is fully prepared to leave behind. She said, “I will live here for 10 years, and then I know I will have to go back to India to look after my parents and my in-laws as they age.”

This reciprocal expectation in Asian culture is now becoming more and more of an expectation in Western culture as well. Because at a time when the markets became dysfunctional, particularly in respect to housing and higher education, and at a time when the state couldn't afford elder care and childcare support, who steps up? The family. So, in many respects, this is not an evil capitalist system that we're talking about in regards to inheritocracy. This is parental love. This is parental duty. Generational wealth is aspirational. It's not a dirty phrase, but it is a conversation that families need to be having. But these conversations also need to speak to people's reality and the economic systems that have shaped the fact that your kids' lives have been very different from yours.

In Canada, there is a significant amount of uneven wealth in the baby boomer and Gen X generations; an unprecedented amount of money is about to trickle down. But before it goes down, it goes sideways—look at the great gender transfer.

A couple of years ago, I did a report for Schroders bank, and I interviewed a lot of widows about what they did with and how they handled the responsibility of the money they inherited from their husbands when they passed. One particular woman spent her 20s island-hopping in the Caribbean; she lived this wonderfully debauched life in the '60s, and then she met her husband. She told me: “Darling, I've literally never paid a bill in my life.” She said that when he died, she “didn't even know where the key was to the desk where all the papers were.” She added that it was “frankly ghastly,” because when he

died, a financial adviser uncovered debts. So, she went through a process of financial empowerment and education for the first time in her life—at 75 years old. Her hand was held, of course, but she said, “Oh, you wouldn't believe how fabulous I now feel, how powerful I now feel because I have control over my money. I know what money I've got. I know how it's spent, how it's invested, all of it. I bought a house he would have hated. Now I'm spending my husband's money in a way that I finally want to.” She's done it all—even horse

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**Parenting in
 the inheritance
 economy
 is a 30-year
 financial
 commitment,
 with the most
 expensive
 years coming
 after age 18.**
 ”

riding in Mongolia—and she's having an absolute dream of a time.

In many respects, we are seeing the rising agency of female power when it comes to money. Baby boomer women are the first generation to inherit that. Gen X women are the first generation to really be financially earning in the same way that men have. Millennial women are going to inherit as well as earn and, therefore, will be on par with millennial men. And Gen

Z women in big cities across the world are now outearning Gen Z men.

THE NEW STAGES OF LIFE

The Bank of Mum and Dad plays out differently in different geographies. In the U.S., most of the money is going toward college, although that is currently changing with Gen Z. In the U.K., the property market is the big expense for parents when it comes to their kids. And Canada is not an exception in the story of how parents are really helping out, particularly with housing. But Gen Xers in their 50s are now thinking not just about college, not just about housing, but also about the elder care of their parents. That also means that they are thinking very differently about retirement.

And it's not just people thinking, “What do I need to do to get my kids on the ladder?” It's: “Is a college degree worth it in the age of AI and in a tightening labour market in Canada with quite a steep rise of graduate unemployment? How much do I have to devote to my own elder care costs? How much do I need to be thinking about not just what I need for retirement, but what I need multigenerationally?” People are thinking about their wealth, not just in terms of themselves or as part of a couple—they're thinking about how it flows down and, potentially, even how it flows up the generations if you have family members who are vulnerable.

We like to think of the baby boomer trajectory as the norm, but it's not. They are the richest demographic, and are privileged in terms of wealth and health. They are also redefining old age. It's not all golf courses, grandkids, and cruises. The biggest rise in adventure travel is amongst baby boomers—horse riding in Mongolia. Retirement is starting to look very different. Perhaps they are downsizing their careers slowly, perhaps they're downsizing their homes. In the U.K., for example, the biggest rise in

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Dr. Eliza Filby on stage at the Minerva Summit

female entrepreneurship is in the 60-plus demographic. And on Airbnb across the world, who is getting all those superhost ratings? It's women aged over 65.

Gen X is the squeezed generation because they are potentially looking after their parents and their kids. Because we're living longer—but with illness—you're now getting Gen X financially supporting multiple generations. They're putting off retirement and rethinking plans because they want to get their kids on the ladder and get them through college. For them, parenting in the inheritance economy is a 30-year financial commitment, with the most expensive years coming after age 18. So, what we have is a new life stage. They want to get their parents financially supported through elder care. It's also why a lot of women in their 50s are leaving the workforce. For example, if mum and dad bought the house, then you're moving mum in when she needs you to and, suddenly, you're parenting the parents. If there's a financial imbalance there, it becomes a

really important part of the deal.

Gen X is a critical generation because it's also the generation in which women started to outnumber men at university. You've got the rise of professional women coming of age in the 1990s and reaching seniority in the 2010s. And what you've got, therefore, is financially empowered women. And one of the really interesting shifts that you get in Gen X that you don't get in baby boomer women is the rise of female bankruptcy. It's not as equal as male bankruptcy, but it's a sign of financial equality and empowerment, bizarrely. Women can lose just as much as men. That also means there are women who are not financially dependent on marriage, on a male pension, and on a man making the financial decisions and paying all of the bills.

Millennials are a critical generation. This is the generation that's been told, "Let's get as many of you to college as possible because we're living in a knowledge economy and opportunity is in education,

particularly for girls." But then the price of that degree went up and the value of that degree went down because more and more people have them. So, the first defining feature of millennials is how pressurized school became, and how parenting in the '80s and '90s became "investing"—note that financial term—in your children. It was then on the children to not fail. And so, you see very interesting shifts in millennial children: the decline of working during teenage years, for example ("No, no, no, homework is more important."); the decline of driver's licences; and the rise of helicopter parenting. There was this desperate fear in an economy that became very, very difficult post-2008: "I don't want my children to fail and drop." This fear of downward social mobility forces middle-class parents to invest as much as they possibly can in their kids, particularly their education.

I like to call Gen Zers the "experimental generation." They are looking at millennials going, "Hang on a minute. You followed

the script of the late 20th century, and it hasn't really worked out for you." They're kind of trying to become their parents, but realizing very quickly that they can't afford to. As a result, Gen Z is saving more of their wages now than any other generation has. They're incredibly savvy when it comes to their financial education, and they do not believe that one wage alone will give them what they want.

Gen Z is also disillusioned with the idea of a salary, disillusioned with work, and very real when it comes to the professional ladder, which is why it's so difficult to manage them in the workplace. Kids of the 21st century have had a smartphone in their pocket since they were 13 years old, and that's meant two things. First, they have access to the world's information, which means they aren't really impressed with anything you say because wonder has been destroyed. And the second thing smartphones have done is create access to the world's marketplace, which is why a lot of them are solopreneurs buying and selling sneakers on Depop or eBay, creating and monetizing online content, and have multiple streams of revenue. It's a generation that is thinking very differently about money, and they are now graduating from college with potentially thousands of dollars of debt into a job market that is increasingly challenging. And this disillusionment, which started during COVID-19, was perpetuated by looking at their millennial elders struggling and, now, as they are exposed to the world of AI adoption and economic uncertainty, is actually forcing them to question the narratives millennials took for granted.

I interviewed a Gen Z the other month, and one of the things that struck me was that she didn't believe that she would ever buy a house—nor did she want to. She was trying to convince her parents to invest in her business instead. Her dad, who had come of age in the '80s, bought multiple houses, and saw homeownership as an

investment, not just a home—couldn't understand that her business was worth investing in over a house. And that is a generational gap. In her mind and in her words: "My business can travel with me. A house is just a pile of bricks." It's a completely different mindset when it comes to building one's future and building one's wealth.

Anyone over the age of 45 here has

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This fear of downward social mobility forces middle-class parents to invest as much as they possibly can in their kids.

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lived a 20th-century three-stage life. They potentially had some proportion of their life spent in education, maybe not all the way through college. They had a working life, potentially with a long break for having children, if they did. And then retirement. For anyone under the age of 45, life will look very different and much more complicated than that—particularly for women. It will be a multistage life.

CHANGING FUTURES

A few stories that I gathered while researching the book really illustrate what's going through the minds of millennials. Take Tom, someone who had, in his own words, a very privileged upbringing. He lived with two parents and his brother in Surrey, England. Both of his parents were very affluent lawyers. He had nannies, he attended private schools, he went to The University of Oxford—and then he became an actor. He wanted to do something he loved and he was encouraged by his mother, who had been an actor at university. For eight years, she basically discouraged him from working and funded his acting journey, including an apartment in Central London, plus all food and living costs. He said he was “so bloody lazy,” and “that it is the period of life [he] regret[s].”

That's because Tom, who is now in his mid-30s and a father of one, married a financially savvy woman who had no help from the Bank of Mum and Dad, but still had as much of a deposit as he did by the time it came to actually buy a house. He said “she saved me” because he is someone who had been debilitated by help. He told me that he wished his parents had forced him out the front door without help and that he'd started his life earlier, standing on his own two feet. But what Tom has also realized, as a father of a one-year-old, is that he cannot possibly recreate the life his parents gave him. And that's not because he's fritted away money trying to be an actor; it's because the economic circumstances of life have changed. “I feel like there's no point trying to compare my life. I cannot recreate it, not even a small portion of it,” he said. One of the psychological things he's had to come to terms with is that he's a very fortunate person who hasn't made the most of his advantages.

Then there's a woman called Lucy. She was 42 and lives in Scotland. And gosh, she is savvy with money. And she is not

only savvy with money, she was also helped onto the property ladder by her mother when she was in her 20s. She owned her own house at 25. At 27, she met a man who she's still with. She told me that she does not believe in sharing financial resources with her partner. They're not married—she doesn't believe in marriage, as a product of a divorce. Lucy was very clear in explaining this: "We're not married because, should our relationship ever break down, I don't want him to get half of anything that is mine. It sounds really harsh, but I've also seen how people who love each other can go awry."

and that unless you've got control of your finances, you are vulnerable.

Finally, there's Emma. Emma is someone in her early 30s who can't get onto the housing ladder. As she saw property prices go up, and up, and up, she was very clear that she didn't want to accept money from her parents because when her sisters—there's a 10-year age gap between her and her oldest sister—were asking for help for a house, her dad was still working. Now he's retired and she still didn't accept the money that her parents offered her for a down payment on a house. She told me, quite honestly: "There will be a time very soon where we will get

ing to data compiled from Canada, over 50 percent of parents expect to support adult children; 61 percent are not confident at providing support and are making themselves financially vulnerable by doing so. Parents are worrying about their kids' financial futures and don't feel prepared to have those conversations, let alone be a teacher when it comes to financial advice.

So, what are the kids saying? A number of young people consider themselves financially literate. But when you ask them further questions, they may feel disabled and infantilized by their parents' wealth. They don't think they can initiate conversa-

“ Think about the degree to which the story you were told about success, opportunity, achievement - the way that you have accrued wealth, acquired wealth, and sustained your wealth - differs from how your children are going to do it. ”

What was fascinating about Lucy is she may not have a joint account with her partner, but she does have one with her mother. She trusts her mother more than her partner. She's an extreme example of a common trend. My research shows that young women are more likely to say the inheritance that they received from their parents was theirs than men—they said it was co-joined with their partner. We have seen women finally get some stake in the game after being financially disempowered for centuries, so it's no surprise that women see their money as theirs. And it's no surprise that, in a post-feminist society, millennial and Gen Z women are more likely to align with and be dependent on their parents than a man. But I think this is also a consequence of a society where just under 50 percent of marriages end in divorce, especially when women have been told that divorce disadvantages women—which it still does—

money, and I'm much more comfortable in receiving an inheritance at the point of death rather than a gift during life." She said, "My husband says, 'The sad reality is that both sets of our parents are in their 70s. In 10 years' time, we're going to have more money than we know what to do with.' It's morbid but true."

Is it? No, because overreliance on an inheritance or pension to get on the housing ladder or, frankly, anything, is dangerous. It cannot be relied on—whether that's because of elder-care costs, family disputes, or even parents blowing it on something. Today, the majority of millennials will actually inherit much later than they think—in their 60s—and, certainly, there will be inequality between those who can retire early and those who can't because of inheritance.

Let's look at it from different perspectives: what the parents are thinking and what the children are thinking? Accord-

tions around inheritances, gifting, or money trickling down. There's a power imbalance there. Financial planning for those under 45 has now become about what is available from their parents rather than what they need to be thinking for themselves.

Think about the degree to which the story you were told about success, opportunity, achievement—the way that you have accrued wealth, acquired wealth, and sustained your wealth—differs from how your children are going to do it. Inheritorocracy may be a crude word, but it describes something we all need to be doing: being much more open, much more enabling and empowering, and much more honest about money. Our money isn't just about money. It's about freedom. It's about identity. It's about choice. It's about so many things. And if you are the Bank of Mum and Dad, it's within your power to have those conversations and to enable your kids to feel empowered in them. **M**

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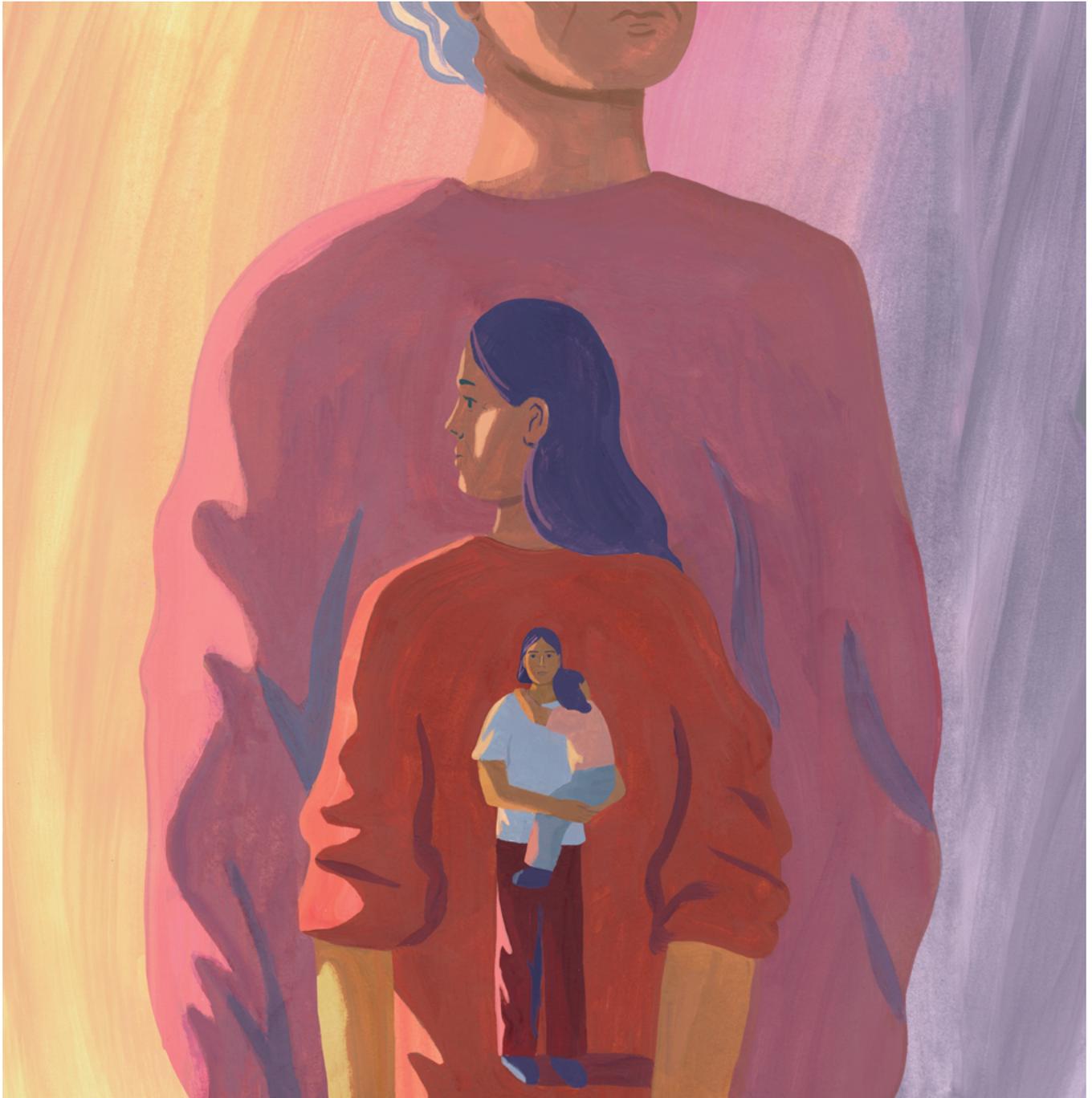
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