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Intergenerational income persistence in the Millennial generation

Paul Gregg
Yuyan Jiang
Lindsey Macmillan
Nikki Shure
Gill Wyness

Abstract

This paper provides new evidence on intergenerational income persistence for a recent UK cohort. Using Next Steps, a longitudinal study of people born in England in 1989-90 linked to administrative education records, we estimate the association between parental income in adolescence and sons' earnings at age 32, compare the results with the 1970 British Cohort Study, and decompose persistence by early cognitive skills, noncognitive traits and educational attainment. Our preferred estimates show an intergenerational income elasticity of 0.214 and a rank-rank coefficient of 0.287. The rank-rank estimate is almost identical to the comparable estimate for the 1970 cohort, suggesting little change in relative income persistence across cohorts, although age-32 elasticities are likely to understate lifetime persistence. Education is the main observed mechanism: GCSE attainment, A-level attainment and degree completion account for a substantial share of persistence, while measured noncognitive traits explain little once education is included. The findings show that, despite educational expansion, family-income gradients in attainment remain central to the intergenerational transmission of economic advantage.

Keywords: intergenerational income mobility; socioeconomic inequality; education; skills

JEL codes: I24 ; J62; J13; J31

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Paul Gregg, Department of Social and Policy Sciences, University of Bath. Yuyan Jiang, Social Research Institute, University College London. Lindsey Macmillan, Centre for Education Policy and Equalising Opportunities (CEPEO), UCL Institute of Education, University College London. Nikki Shure, Social Research Institute, University College London. Gill Wyness, Centre for Education Policy and Equalising Opportunities (CEPEO), UCL Institute of Education, University College London, and Centre for Economic Performance at the London School of Economics.

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1. Introduction

The relationship between family resources and children's later earnings is central to debates about social mobility. Intergenerational income mobility captures the extent to which economic position changes across generations. A large literature shows that children from higher-income families have greater access to resources and opportunities, increasing their likelihood of entering professional employment and earning more over the life course than peers from more deprived backgrounds (Beller and Hout, 2006; Björklund and Jäntti, 2011; Blanden et al., 2007; Breen and Jonsson, 2005). Cross-country evidence, including work on the Great Gatsby curve, links lower mobility to higher inequality and weaker equality of opportunity (Corak, 2013; Durlauf and Seshadri, 2018; Jerrim and Macmillan, 2015). Understanding how mobility changes across cohorts is therefore important, particularly in light of higher education expansion and policy efforts to improve social mobility.

The UK, like the US, has comparatively low intergenerational income mobility by international standards (Blanden et al., 2005; Gregg et al., 2017a; Solon, 2002). Within the UK, persistence increased between the 1958 and 1970 cohorts (Blanden et al., 2007, 2004; Gregg et al., 2017b). Blanden et al. (2004), using income and earnings data from the National Child Development Study and British Cohort Study, estimate that the intergenerational income elasticity rose from 0.205 for those born in 1958 to 0.297 for those born in 1970. Gregg et al. (2017a) later estimate an elasticity of 0.324 for the 1970 cohort at age 34. More recent evidence suggests that the association between family income and children's education weakened for cohorts born after the 1980s (Blanden and Macmillan, 2014; Gregg and Macmillan, 2010). Whether this translated into greater income mobility is unclear, since mobility depends not only on educational inequality but also on the returns to education, which depend on both the supply of qualified workers and labour market demand. This paper estimates intergenerational income mobility for sons born in 1989-90, Millennials, and examines the roles of noncognitive skills, ability and education.

Education is a key channel through which parental income may shape adult earnings. Children from higher-income families tend to achieve higher levels of schooling and better educational outcomes (Blanden and Machin, 2004; Chevalier et al., 2013; Gregg and Macmillan, 2010),

while higher educational attainment is strongly associated with better labour market outcomes (Britton et al., 2022; Harmon and Walker, 1995; Walker and Zhu, 2011). Parental income may therefore influence adult earnings partly through education. Blanden et al. (2007) show that over half of the income persistence across generations can be accounted for by measures of early skills and educational attainment, and increasing educational inequality accounted for 85% of the increase in persistence between the 1958 and 1970 cohorts.

Cognitive skills and noncognitive traits may also mediate the relationship between parental income and sons' adult earnings. Children from more affluent families tend to have higher cognitive skills and more favourable behavioural outcomes in early childhood years (Benenson et al., 2007; Bradley and Corwyn, 2002; Falk et al., 2021). These skills and traits can influence education choices, educational attainment and labour market outcomes, both directly and through education (Bolt et al., 2021; Green et al., 2008; Heckman et al., 2006; Roberts et al., 2007). Bolt et al. (2021) find that cognition and years of schooling are the main drivers of intergenerational mobility, while noncognitive traits account for only a small and statistically insignificant share of income persistence. Blanden et al. (2007) similarly find that noncognitive skills explain a similar share of the IGE to cognitive traits.

This paper makes three contributions to this literature. First, it provides new evidence on intergenerational income mobility for a recent UK cohort, using adult earnings data at age 32 for sons born in 1989-90 and surveyed in Next Steps, formerly the Longitudinal Study of Young People in England (LSYPE) (University College London, 2026). Existing UK estimates focus mainly on cohorts born in 1958 and 1970, leaving open whether the rise in persistence between those cohorts continued, stalled or reversed for Millennials. Second, the paper places this cohort in historical context by estimating comparable intergenerational income elasticities and rank-rank coefficients and comparing them with earlier UK cohorts. To maintain comparability with previous studies, we focus on sons, while also reporting rank-based estimates that are less sensitive to scale differences and lifecycle bias. Third, we examine the mechanisms behind persistence by assessing the roles of early cognitive skills, noncognitive traits and educational attainment, allowing us to test whether education remains the main channel through which family income is transmitted into adult earnings for this more recent cohort.

Our preferred estimates show an IGE of 0.214 and a rank-rank coefficient of 0.287 at age 32 for sons in Next Steps. These estimates are similar to those for sons born in 1970 in the British Cohort Study, though they are likely to understate true persistence because of lifecycle bias and measurement error. We then use mediation analysis to examine how education, cognitive skills and noncognitive traits account for income persistence. The results suggest that education remains central to the intergenerational transmission of income and may play an increasingly important role relative to the 1970 cohort. We also situate these findings in their broader policy context. Specifically, we examine whether the apparent stabilisation of persistence for sons born around 1990 is consistent with two wider changes in the environment in which these cohorts grew up: the sharp increase in income inequality during the 1980s, followed by a period of high but more stable inequality, and changes in public expenditure on education across the schooling years of the 1970 and 1989-90 cohorts. This context helps connect the estimated cohort patterns to broader debates about whether education policy and public investment can offset the effects of high inequality on social mobility.

The remainder of the paper is organised as follows. Section 2 describes the data and presents descriptive statistics. Section 3 estimates intergenerational income persistence. Section 4 examines the role of education and other mediating factors, before placing the findings in the context of changes in income inequality and public education expenditure experienced by the 1970 and 1989-90 cohorts. Section 5 predicts persistence across the lifecycle. The final section concludes.

2. Data and descriptive statistics

Our main analysis uses Next Steps, with the British Cohort Study (BCS) used for comparison and lifecycle prediction. Next Steps, formerly the Longitudinal Study of Young People in England (LSYPE), follows around 16,000 young people born in England between 1 September 1989 and 31 August 1990. Cohort members were first surveyed in 2004, when they were in Year 9, and were interviewed annually by the Department for Education until 2010 on family background, education, employment, health, attitudes and aspirations. The most recent wave, the Age 32 Survey, was fielded in 2022/23 and provides the adult earnings information used in this paper (University College London, 2026).

2.1. Data

The empirical analysis relates childhood family resources to sons' adult earnings. Parental income is our measure of family resources during adolescence, while sons' earnings capture adult economic outcomes. We restrict the analysis to sons to maintain comparability with the UK intergenerational mobility literature, which typically estimates mobility using parental income and sons' earnings, and to avoid compositional differences arising from female labour-force participation (Blanden et al., 2007; Gregg et al., 2019, 2017b).

Parental income and age

Next Steps records banded gross parental income at child ages 14-17, but does not contain net income or tax information. We use all four available income observations to reduce transitory measurement error. Wave 1 contains 91 income bands, wave 2 contains eight bands, and waves 3 and 4 contain 12 bands. We convert banded income into continuous values using interval regression, imputing midpoints for the highest wave 1 bands where interval regression cannot predict continuous values. All income is deflated to 2004 prices and converted to monthly values. Our main parental-income measure is the log of average monthly parental income across waves 1-4; where one or more waves are missing, we impute the average using the observed waves. To reduce the influence of misreporting and extreme values, we trim the top and bottom 1% of average parental income. Section 3 reports robustness checks using untrimmed data, midpoint estimates, and alternative averages based on later income waves.

All IGE specifications control for average parental age and age squared, measured across waves 1-4. In each wave we average the age of the main parent and, where present, the second parent, and then average this measure across waves. Missing parental-age values are replaced with the sample mean, with missing indicators included for both parental income and parental age.

Sons' earnings

Sons' earnings are measured at age 32 in wave 9 of Next Steps. Respondents report gross pay and pay period, from which weekly gross pay is derived. We convert weekly pay to monthly earnings by multiplying by 4.3, deflate earnings to 2004 prices, and use log monthly earnings as the main outcome in Section 3. As with parental income, we trim the top and bottom 1% of

sons' earnings.

Measures of education

To examine education as a mediator of intergenerational persistence, we use linked administrative education records from the secure-access version of Next Steps, including National Pupil Database exam results. Early cognitive skills are measured using Key Stage 2 mathematics and English points, standardised to mean zero and standard deviation one, which provides comparability with measures available in the BCS. We also use standardised Key Stage 4 (GCSE) total points and number of GCSEs, standardised A-level total points and number of A levels, and degree attainment. For continuous variables with missing values, we impute the mean and include missing indicators.

Other factors

Following Blanden et al. (2007), we also include noncognitive traits as potential mediators. Academic self-concept at age 13/14 is constructed from questions on perceived school performance, including marks, self-assessed ability, teacher-assessed ability, and perceived ability in English, mathematics, science and ICT. We use principal component analysis to construct a scale, retaining the factor with an eigenvalue greater than one. We also use the General Health Questionnaire (GHQ-12) at ages 14/15 as a measure of mental health, where higher scores indicate greater risk of mental ill health. Missing values are mean-imputed and accompanied by missing indicators.

2.2. Sample restrictions

The main regression sample is restricted to sons in full-time employment at age 32, excluding the self-employed, and to those with at least two parental-income observations between ages 14 and 17. We also exclude observations in the top and bottom 1% of parental income and sons' earnings. These restrictions yield an analysis sample of 1,629 individuals for Section 3.

2.3. Descriptive statistics

We assess the representativeness of our income measures by comparing Next Steps with

external data sources. Parental income is compared with gross household income from the Family Resources Survey (FRS) for 2004-2007, restricted to households in England with teenagers aged 11-19. Because the FRS reports individual income, we construct parental income as the income of the household head and partner. To match the banded structure of Next Steps, continuous FRS income is grouped into 12 bands using the 2006 Next Steps distribution and then converted to continuous values using interval regression. Sons' earnings are compared with gross monthly earnings in the Quarterly Labour Force Survey (QLFS) from April 2022 to September 2023, restricted to male full-time employees in England aged 30-34. As in Next Steps, the top and bottom 1% of QLFS earnings are excluded.

Table 1 compares parental income and sons' earnings in Next Steps with the FRS and QLFS, using the relevant survey weights. For 2005-2007, the mean, median and standard deviation of parental income in Next Steps are broadly comparable to the FRS, although dispersion is somewhat higher in 2005. In 2004, Next Steps parental income is lower at the mean and median and substantially more dispersed, consistent with some respondents potentially reporting weekly or monthly rather than annual income. We therefore test robustness to using three-year (2005-2007) and two-year (2006-2007) average parental income in Section 3. Sons' monthly earnings in Next Steps closely resemble the QLFS distribution. Overall, aside from the 2004 parental-income measure, the Next Steps income and earnings variables are comparable to external benchmarks.

Table 1 Comparison of the log of parental income and sons' earnings for the restricted sample (regression sample)

		Next Steps	FRS	QLFS
Parental monthly income (2004)	Mean	7.600	7.665	
	Median	7.730	7.717	
	SD	0.924	0.623	
	Obs.	1,410	3,569	
Parental monthly income (2005)	Mean	7.772	7.653	
	Median	8.015	7.719	
	SD	0.746	0.683	
	Obs.	1,220	3,549	
Parental monthly income (2006)	Mean	7.782	7.677	
	Median	7.883	7.717	
	SD	0.637	0.644	
	Obs.	1,541	3,189	
Parental monthly income (2007)	Mean	7.722	7.687	
	Median	7.841	7.724	

	SD	0.671	0.623
	Obs.	1,493	2,970
Average parental monthly income (2004-2007)	Mean	7.660	
	Median	7.712	
	SD	0.613	
	Obs.	1,629	
Sons' monthly earnings (2022/23)	Mean	7.435	7.448
	Median	7.380	7.419
	SD	0.469	0.467
	Obs.	1,629	1,391

Notes: Weighted using final weights for each wave in the Next Steps, sample weights for each wave in the FRS and person income weights in the QLFS. All income data are deflated to 2004 prices.

Source: University College London (2026), Department For Work And Pensions et al. (2014a, 2014b, 2014c), National Centre For Social Research et al. (2014), Office for National Statistics (2025a, 2025b, 2025c, 2025d, 2025e, 2025f).

Table 1 Income matrix of parental income and sons' earnings (weighted count reported)

Parental Income Quintiles		Sons' Earnings Quintiles					Total
		1	2	3	4	5	
1	1	137.6	102.4	68.7	44.21	37.52	390.5
		(35.2%)	(26.2%)	(17.6%)	(11.3%)	(9.6%)	(1)
2	2	93.7	93.6	78.0	63.8	42.0	371.1
		(25.2%)	(25.2%)	(21.0%)	(17.2%)	(11.3%)	(1)
3	3	76.1	73.8	74.2	75.4	43.4	342.9
		(22.2%)	(21.5%)	(21.6%)	(22.0%)	(12.7%)	(1)
4	4	65.6	79.9	66.1	61.5	71.6	344.7
		(19.0%)	(23.2%)	(19.2%)	(17.9%)	(20.8%)	(1)
5	5	37.8	48.2	67.2	78.2	110.4	341.8
		(11.1%)	(14.1%)	(19.7%)	(22.9%)	(32.3%)	(1)
Total		410.8	398.0	354.2	323.1	304.9	1791
		(22.9%)	(22.2%)	(19.8%)	(18.0%)	(17.0%)	(1)

Notes: Weighted using wave 9 weights. Percentages in parentheses. Number of observations =1,629.

Source: University College London (2026).

Table 2 presents a transition matrix between parental-income quintiles, measured using average income at ages 14-17, and sons' earnings quintiles at age 32. The matrix shows substantial persistence at both tails of the distribution. Sons from the bottom two parental-income quintiles are more likely to be in the bottom earnings quintile than in any other quintile, while sons from the top two parental-income quintiles are more likely to remain near the top. Among sons from the bottom parental-income quintile, 35% remain in the bottom earnings quintile and 10% reach the top quintile. Among sons from the top parental-income quintile, 32% remain in the top earnings quintile and 11% fall to the bottom. These patterns are close to those reported by Blanden et al. (2013) for the 1970 cohort at age 30, where 37% of those from the top quintile

and 34% of those from the bottom quintile remained in their origin quintile. The transition matrix therefore suggests that intergenerational income persistence in Next Steps remains substantial, even if slightly lower than for the 1970 cohort.

3. Intergenerational income mobility

This section estimates intergenerational income mobility among sons in Next Steps. We first set out the empirical framework and discuss two key threats to interpretation: lifecycle bias from observing sons' earnings at age 32 rather than over the lifecycle, and measurement error in parental income. To address these concerns, we estimate both conventional intergenerational income elasticities (IGEs) and rank-rank coefficients, using average parental income across ages 14-17. We then present robustness checks based on untrimmed data, midpoint estimates of parental income, and alternative parental-income measures using later survey waves.

3.1. Methodology

Intergenerational income mobility is commonly summarised by the intergenerational income elasticity (IGE), which measures the association between parental income and children's adult earnings. We estimate the IGE using the following OLS specification:

$$Y_i^{son} = \alpha_1 + \beta_1 Y_i^{parent} + \varepsilon_i \quad (1)$$

where sons' earnings are measured as log monthly earnings at age 32, parental income is the log of average parental income when the son was aged 14-17, i indexes individuals, and the error term captures unobserved determinants of sons' earnings. The coefficient on log parental income is the IGE: higher values indicate greater income persistence and therefore lower mobility.

Ideally, mobility estimates would relate parents' permanent income to sons' permanent income. This is not possible in Next Steps because sons are observed only to age 32 in the latest wave. We therefore estimate point-in-time mobility, as in much of the existing literature, while using average parental income across four waves to better proxy permanent family resources. All specifications control for average parental age and age squared.

A central concern is lifecycle bias. Since earnings dispersion and the returns to education evolve over the lifecycle, early-adult earnings may understate lifetime earnings, particularly for graduates and others with delayed labour-market entry. This can attenuate estimates of income persistence if sons from higher-income families realise their earnings advantage later. The issue is especially relevant here because sons' earnings are observed at age 32. Evidence from the 1970 British Cohort Study shows that the IGE rises from 0.291 at age 30 to 0.397 at age 42 (Gregg et al., 2017b), suggesting that our age-32 estimates are likely to understate lifetime persistence.

Measurement error is a second concern. Both parental income and sons' earnings are self-reported, but parental income is likely to be measured with greater error because respondents reported annual income in bands and may have reported income over an incorrect pay period. Classical measurement error in parental income would attenuate the IGE and overstate mobility (Blanden et al., 2013). At the same time, systematic reporting error, such as mean reversion in reported income, can bias estimates in the opposite direction if high-income respondents under-report and low-income respondents over-report (Bound et al., 2001). Following previous work, we reduce transitory and reporting error by averaging parental income over four observations (Gregg et al., 2017a; Mazumder, 2005)

Sample selection may also affect interpretation. Attrition in Next Steps is non-random, with higher-income and more educated respondents more likely to remain in the survey (Calderwood, 2018) We use survey weights to adjust for attrition, but item non-response may remain. In addition, our main sample is restricted to sons in full-time employment at age 32, excluding the self-employed, part-time workers and those not in work. The estimates should therefore be interpreted as mobility among full-time employed sons rather than the full male cohort. Existing studies show that excluding zero earners can understate the true IGE (Mitnik et al., 2015; Mitnik and Grusky, 2020), and we return to this issue in the robustness checks.

We also estimate rank-rank coefficients, which relate parents' and sons' positions in their respective income distributions (Chetty et al., 2014; Dahl and Deleire, 2008; Gregg et al., 2017b). Rank-based estimates are scale-invariant and less sensitive than IGEs to lifecycle bias,

classical measurement error and the treatment of zero earnings, although they remain affected by errors in relative position (Chetty et al., 2014; Gregg et al., 2017a). We rank parental income and sons' earnings within the estimation sample and estimate:

$$Rank_{Y_i}^{son} = \alpha_2 + \beta_2 Rank_{Y_i}^{parent} + \varepsilon_i \quad (2)$$

where the dependent variable is sons' earnings rank and the key explanatory variable is parental-income rank. We report rank-rank coefficients alongside IGEs to provide both scale-sensitive and position-based measures of mobility. Ranks are rescaled to run from 0 to 100, so the coefficient can be interpreted as the percentile-point change in sons' earnings rank associated with a one percentile-point increase in parental-income rank.

3.2. Results

Table 3 reports the main estimates for Next Steps. Regressing sons' earnings at age 32 on average parental income at ages 14-17 gives an IGE of 0.214. The rank-rank coefficient is 0.287. Both estimates are statistically significant at the 1% level. These results indicate substantial intergenerational persistence among full-time employed sons. Given the lifecycle and measurement-error issues discussed above, they should be interpreted as lower-bound estimates of lifetime persistence.

Relative to Gregg et al. (2017b), the age-32 estimates for Next Steps lie between their estimates for the 1958 cohort at age 33 and the 1970 cohort at age 30, and are closest to the latter. For the 1970 cohort, Gregg et al. report an IGE of 0.291 and a rank-rank coefficient of 0.305 at age 30, slightly above the Next Steps estimates. Several differences should be kept in mind. Next Steps covers England only, whereas the NCDS and BCS are UK-wide. The higher education participation rate also rose substantially across these cohorts, increasing the scope for lifecycle bias in Next Steps if more high-income sons enter the labour market later. In addition, Gregg et al. impute benefit income for those out of work, which reduces downward bias from excluding zero earners.

Table 2 Intergenerational income elasticity (IGE) and rank-rank coefficient among sons in Next Steps

Regression of earnings at age 32 on average parental income at age 14-17

IGE	Rank-rank coefficient	Sample Size
0.2138	0.2872	1,629
(0.0273)	(0.0337)	

Notes: Weighted using wave 9 weights. Standard errors in the parentheses.
Source: University College London (2026).

To improve comparability, we re-estimate equivalent models for the 1970 British Cohort Study, restricting the sample to England and relating sons' earnings at age 30 to average parental income at ages 10-16. Table 4 shows an IGE of 0.264 and a rank-rank coefficient of 0.286. The IGE is slightly higher than in Next Steps, but the rank-rank coefficient is almost identical. This difference is primarily driven by the larger variance of parental income in the 1989-90 cohort. A more detailed comparison of the parental income distributions in Next Steps and the BCS, together with evidence from external data sources on changes over time, is provided in Appendix A.1. Overall, the results suggests that relative income persistence changed little between the 1970 and 1989-90 cohorts, even though the scale-sensitive elasticity is somewhat lower in Next Steps.

Table 3 Intergenerational income elasticity (IGE) and rank-rank coefficient among sons in the BCS

Regression of earnings at age 30 on average parental income at age 10-16

IGE	Rank-rank coefficient	Sample Size
0.2638	0.2863	2,970
(0.020)	(0.020)	

Notes: Both sons' earnings and average parental income are trimmed at 1% and 99%. Sample is restricted to England only. Standard errors in the parentheses.
Source: University of London (2024).

Table 5 reports robustness checks. Panel A uses the untrimmed sample. The IGE remains 0.214 and the rank-rank coefficient rises only slightly to 0.298, indicating that trimming extreme values does not drive the main results.

Panel B uses midpoint values rather than interval regression to convert parental-income bands into continuous income. The resulting IGE and rank-rank coefficient are almost unchanged, suggesting that the estimates are not sensitive to the method used to assign values within income bands. We retain interval regression as the preferred approach because it uses

information on the distribution within bands and can assign values to open-ended top categories.

Panels C and D address concerns about the earlier parental-income waves, which differ more from external benchmarks. Using average parental income at ages 15-17 raises the IGE to 0.228 and the rank-rank coefficient to 0.309. Using income at ages 16-17 raises them further to 0.238 and 0.310. Although these estimates are modestly higher, they remain close to the baseline. The main conclusion is therefore robust: intergenerational persistence in Next Steps is substantial and similar to that observed for the 1970 cohort on rank-based measures.

Panel E expands the sample to include all sons, including part-time workers and those not in the labour force. We report only the rank-rank coefficient because including non-participants substantially increases the variance of earnings and makes the IGE difficult to interpret. The rank-rank coefficient falls to 0.247, consistent with sample selection affecting the level of estimated persistence but not overturning the central finding of a strong association between parental income and sons' adult earnings rank.

Table 4 Robustness checks

IGE	Rank-rank coefficient	Sample Size
<i>Panel A: Untrimmed sample</i>		
0.214	0.298	1,689
(0.029)	(0.033)	
<i>Panel B: Using midpoint estimates of average parental income</i>		
0.214	0.285	1,629
(0.028)	(0.034)	
<i>Panel C: Using average parental income at age 15-17</i>		
0.228	0.309	1,476
(0.028)	(0.036)	
<i>Panel D: Using average parental income at age 16-17</i>		
0.238	0.310	1,346
(0.028)	(0.036)	
<i>Panel E: Using all sons including part-time workers and those not in the labour force</i>		
-	0.247	2,426
-	(0.029)	

Notes: Weighted using wave 9 weights. Standard errors in the parentheses.

Source: University College London (2026).

4. The role of education in driving social mobility

4.1. The decomposition approach

We next examine the channels through which parental income is associated with sons' earnings. Following Blanden et al. (2007), we use a two-stage decomposition to assess the contribution of cognitive skills, noncognitive traits and educational attainment. The exercise is descriptive rather than causal: the estimated pathways may reflect unobserved family, school or neighbourhood factors correlated with both parental income and sons' outcomes. We first estimate the association between parental income and each mediator:

$$Ed_i^{son} = \alpha_3 + \gamma_1 Y_i^{parent} + \varepsilon_i \quad (3)$$

$$Noncog_i^{son} = \alpha_4 + \gamma_2 Y_i^{parent} + \varepsilon_i \quad (4)$$

where Ed_i^{son} and $Noncog_i^{son}$ are sons' measured education and noncognitive traits, Y_i^{parent} is the log of parental income, ε_i is the error term, and α and γ are the parameters we estimate. γ_1 and γ_2 capture the estimated effects of parental income on sons' measured education and noncognitive traits, respectively.

In the second stage, we estimate the conditional association between each mediator and sons' earnings, controlling for parental income:

$$Y_i^{son} = \alpha + \lambda_1 Ed_i^{son} + \lambda_2 Noncog_i^{son} + \delta Y_i^{parent} + \varepsilon_i \quad (5)$$

where Y_i^{son} , Y_i^{parent} , Ed_i^{son} and $Noncog_i^{son}$ represent the log of sons' earnings, the log of parental income, sons' measured education and noncognitive traits, ε_i is the error term, and α , λ and δ are the parameters we estimate. λ_1 and λ_2 are the returns to education and noncognitive traits, while δ captures the direct impact of parental income on sons' earnings, controlling for sons' measured education and non-cognitive traits.

Combining the first- and second-stage estimates decomposes the IGE into a direct association between parental income and sons' earnings, plus indirect components operating through education and noncognitive traits:

$$\beta_1 = \gamma_1\lambda_1 + \gamma_2\lambda_2 + \delta \quad (6)$$

The terms $\gamma_1\lambda_1$ and $\gamma_2\lambda_2$ capture the conditional contributions of education and noncognitive traits, respectively, while δ captures the remaining direct association between parental income and sons' earnings. The same decomposition is applied to the rank-rank specification.

4.2. Results

The first columns of Tables 6 and 7 show that parental income is strongly associated with most mediators. Sons from higher-income families have higher Key Stage 2 and GCSE attainment, are more likely to obtain a university degree, and report higher academic self-concept. These gradients indicate that family income is strongly related to both early skills and later educational attainment.

The remaining columns of Tables 6 and 7 add mediators sequentially. Column 1 reproduces the baseline estimates from Table 3. Column 2 adds Key Stage 2 mathematics and English scores. Column 3 adds academic self-concept and GHQ-12. Column 4 adds GCSE total points and number of GCSEs. Column 5 adds A-level total points, number of A levels and degree attainment. This sequence separates the contribution of early skills from that of later educational attainment.

Table 6 shows that early cognitive skills and educational attainment account for a substantial share of the IGE. Adding Key Stage 2 scores reduces the coefficient on parental income from 0.214 to 0.156. Adding noncognitive traits changes the coefficient little. GCSE attainment reduces it further to 0.117, and the full education specification reduces it to 0.109. In the final model, GCSE and A-level total points are statistically significant at the 1% level: a one standard deviation increase is associated with 9.5% and 7.4% higher earnings, respectively, conditional on the other controls. These results suggest that educational attainment is an important mediator of intergenerational income persistence.

Table 5 Intergenerational income elasticity (IGE) and the mediating factors of cognitive skills, non-cognitive traits, and educational attainment among sons in Next Steps

	Parental income	(1)	(2)	(3)	(4)	(5)
Log parental income		0.214*** (0.027)	0.156*** (0.024)	0.159*** (0.024)	0.117*** (0.023)	0.109*** (0.022)
KS2 math points	0.299*** (0.057)		0.127*** (0.017)	0.112*** (0.017)	0.061*** (0.018)	0.066*** (0.017)
KS2 English points	0.380*** (0.056)		0.030* (0.016)	0.015 (0.017)	-0.040** (0.017)	-0.045*** (0.017)
Academic self-concept	0.110** (0.054)			0.052*** (0.014)	0.025* (0.014)	0.013 (0.013)
GHQ-12 score	-0.136 (0.144)			-0.000 (0.006)	0.002 (0.006)	-0.001 (0.006)
GCSE total points	0.561*** (0.061)				0.117*** (0.027)	0.095*** (0.026)
Number of GCSEs	2.135*** (0.228)				0.009 (0.006)	0.005 (0.006)
A level total points	0.052 (0.033)					0.074*** (0.017)
Number of A levels	0.049 (0.043)					-0.025** (0.011)
University degree	0.175*** (0.025)					0.144*** (0.030)
Constant		4.021*** (0.723)	5.333*** (0.678)	5.253*** (0.681)	5.831*** (0.688)	6.178*** (0.689)
Observations	1,629	1,629	1,629	1,629	1,629	1,629
R-squared		0.085	0.174	0.191	0.232	0.257

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. Weighted using wave 9 final weights.

Source: University College London (2026, 2025).

Table 6 Rank-rank coefficient and the mediating factors of cognitive skills, non-cognitive traits, and educational attainment among sons in Next Steps

	Parental Income	(1)	(2)	(3)	(4)	(5)
Rank parental income		0.287*** (0.034)	0.208*** (0.031)	0.208*** (0.030)	0.153*** (0.030)	0.141*** (0.029)
KS2 mathematics points	0.007*** (0.001)		7.568*** (1.024)	6.781*** (1.040)	3.660*** (1.091)	3.966*** (1.062)
KS2 English points	0.008*** (0.001)		1.941* (0.998)	1.166 (1.026)	-2.218** (1.048)	-2.493** (1.025)
Academic self-concept	0.003*** (0.001)			2.734*** (0.849)	1.085 (0.854)	0.442 (0.822)
GHQ-12 score	-0.002 (0.003)			-0.140 (0.397)	0.027 (0.367)	-0.107 (0.365)
GCSE total points	0.012*** (0.001)				7.507*** (1.592)	6.273*** (1.518)
Number of GCSEs	0.047*** (0.005)				0.465 (0.363)	0.233 (0.365)
A level total points	0.001** (0.001)					3.374*** (1.043)
Number of A levels	0.001 (0.001)					-1.199* (0.654)
University degree	0.004*** (0.001)					8.676*** (1.797)
Constant		-58.400 (41.390)	-3.356 (37.660)	-6.918 (37.420)	11.910 (37.500)	27.710 (37.340)
Observations	1,629	1,629	1,629	1,629	1,629	1,629
R-squared		0.090	0.181	0.194	0.237	0.258

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. Weighted using wave 9 final weights.

Source: University College London (2026, 2025).

Table 7 Decomposition of intergenerational income elasticity (IGE) and rank-rank association for Next Steps

	Decomposition IGE			Decomposition rank-rank association		
	1	2	3	1	2	3
Direct Av. parent income	0.159	0.117	0.109	0.208	0.153	0.141
Total through education	0.045	0.091	0.095	0.063	0.122	0.132
Total through missings	0.010	0.006	0.010	0.016	0.012	0.014
Total intergen elasticity	0.214	0.214	0.214	0.287	0.287	0.287
Maths at 10 / KS2	0.033	0.018	0.020	0.045	0.024	0.026
Reading at 10 / KS2	0.006	-0.015	-0.017	0.010	-0.018	-0.020
Application at 10/ Academic self-concept	0.006	0.003	0.001	0.008	0.003	0.001
Anxious at 10 / GHQ-12 score	0.000	0.000	0.000	0.000	0.000	0.000
Total through early skills	0.045	0.006	0.004	0.063	0.009	0.007
GCSE total points		0.066	0.053		0.091	0.076
Number of GCSEs		0.019	0.010		0.022	0.011
Total through compulsory		0.085	0.063		0.113	0.087
A level total points			0.004			0.005
Number of A-levels			-0.001			-0.002
Degree			0.025			0.035
Total through post-16			0.028			0.038
<i>N</i>	1,629	1,629	1,629	1,629	1,629	1,629

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University College London (2026, 2025).

Table 7 reports the analogous rank-rank specifications. The baseline rank-rank coefficient falls from 0.287 to 0.208 when Key Stage 2 scores are included, is unchanged after adding noncognitive traits, and falls to 0.141 in the full education specification. In the final model, a one standard deviation increase in GCSE and A-level total points is associated with 6.3 and 3.4 percentile-point higher earnings rank, respectively, while degree attainment is associated with an 8.7 percentile-point higher rank. The rank-based results therefore reinforce the IGE evidence: education, rather than measured noncognitive traits, accounts for much of the association between parental income and sons' adult earnings.

Table 8 reports the decomposition for Next Steps. Each component is calculated by multiplying the parental-income gradient in a mediator by the conditional association between that mediator and sons' earnings. Education accounts for a large share of persistence. As later attainment measures are added, the direct parental-income coefficient and the contribution of early skills fall, consistent with early skills operating partly through subsequent educational attainment. In the final specification, the direct component accounts for 51% of the IGE and 49% of the rank-rank coefficient. Early skills and education together account for 44% of the IGE and 46% of the rank-rank coefficient, with the remaining share attributable to missing-data indicators.

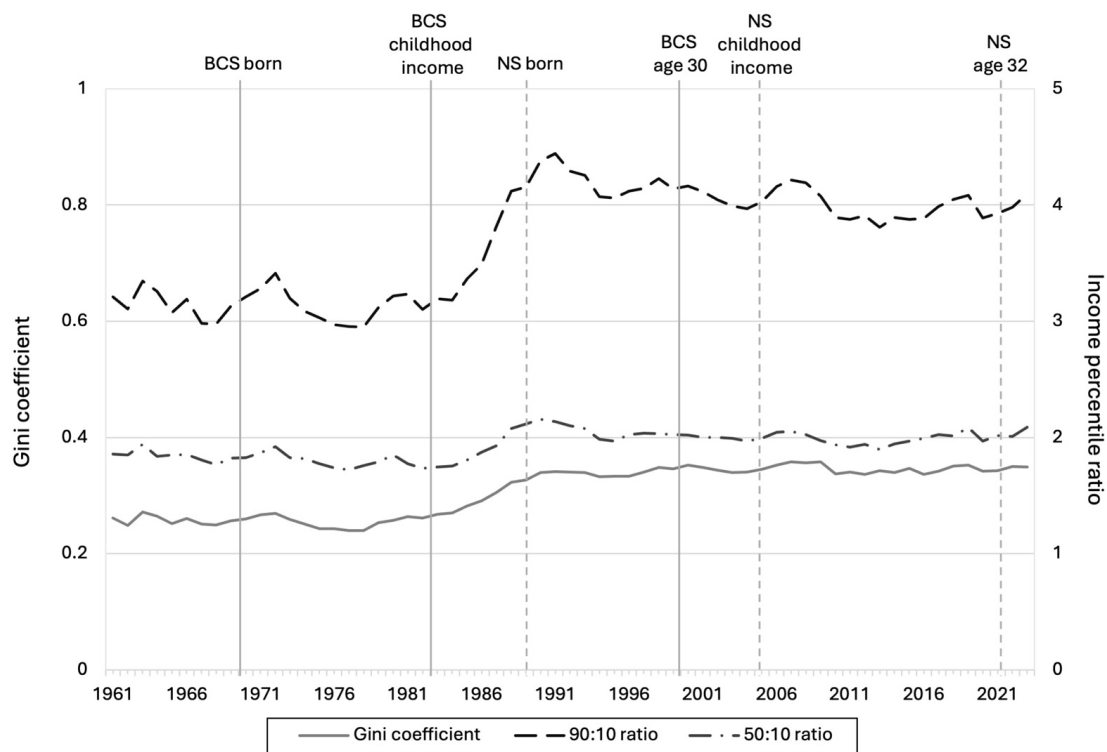
For comparison with the BCS, we re-estimate the models excluding GCSE and A-level total points, which are not measured in the same way across cohorts. Appendix A.2 reports the comparable decompositions. The rank-rank estimates suggest similar overall persistence in the BCS and Next Steps cohorts, with early skills and later educational attainment explaining around one-third of total persistence in both cohorts.

4.3. Policy context

We next place these findings in policy context. The descriptive evidence suggests that educational attainment remains a central channel linking family income to sons' earnings. Whether this translated into changes in mobility across cohorts depends partly on the wider environment in which cohorts grew up, including the level of income inequality and the scale of public investment in education. We therefore compare trends in UK income inequality and education spending across the childhood and schooling years of the 1970 and 1989-90 cohorts.

Figure 1 shows three measures of UK income inequality from 1961 to 2023: the Gini coefficient, the 90:10 percentile ratio and the 90:50 percentile ratio. The Gini coefficient captures inequality across the whole income distribution, while the percentile ratios capture gaps between the top and bottom, and top and middle, of the distribution. All three measures show a similar pattern: inequality was relatively stable or falling during the 1970s, rose sharply during the 1980s, and then remained high but comparatively stable from the early 1990s onwards. The 1970 cohort therefore grew up during a period of rising inequality, whereas the Next Steps cohort grew up after inequality had already increased. This pattern is consistent with the earlier rise in persistence between the 1958 and 1970 cohorts and the relative stability observed for those born around 1990.

Figure 1 Income inequality in the UK, 1961-2023

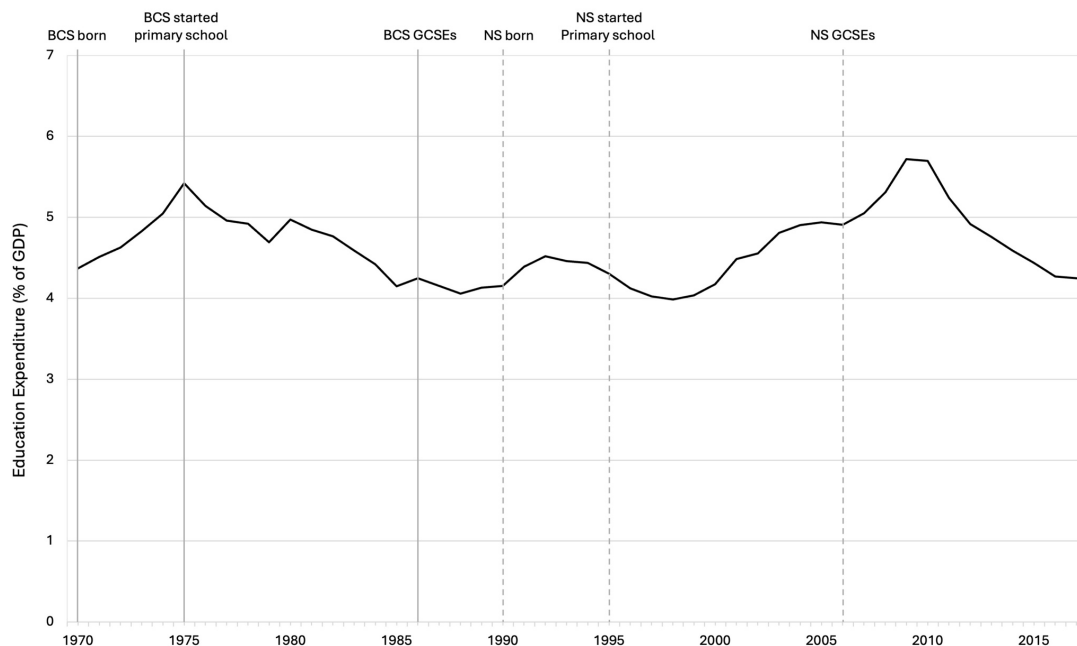


Notes: Gini, 90:10, and 50:10 measures are based on IFS calculations using the Family Expenditure Survey (FES) up to 1993 and the Family Resources Survey (FRS) thereafter (Cribb et al., 2024). Income is defined as equivalised household net income, before the deduction of housing costs, distributed among individuals.

Education policy and public investment provide a second part of the context. Figure 2 plots total public expenditure on education as a share of GDP from 1970-71 to 2017-18. Spending peaked at around 5.4% of GDP in 1975-76, fell to 4.1% by the late 1980s, rose again in the early 1990s, reached 5.7% in 2010-11, and then declined to around 4.2% by 2017-18. Since

secondary education accounts for the largest share of education spending, these trends are relevant for interpreting cohort differences in the role of education. The 1970 and 1989-90 cohorts experienced different spending trajectories, but education spending during their secondary-school years was relatively similar, at around 4.2-4.9% of GDP. This helps explain why education continues to mediate persistence in both cohorts, while also suggesting that stabilisation in overall persistence may reflect the combination of high but stable inequality and sustained public investment in schooling.

Figure 2 Total public expenditure on education in the UK (% of GDP), 1970-71 to 2017-18



Notes: Before 1998–99, non-cash costs (e.g. depreciation, capital charges) were excluded; from 1998–99 onwards, they are included. This has little effect on the consistency of the UK education spending series. Figures after 2010 are affected by changes to the higher education student loan system.

Source: Institute for Fiscal Studies (2025).

5. Predictions

As discussed in Section 3.1, observing sons' earnings at age 32 is likely to understate lifetime earnings persistence. The concern is that sons from higher-income backgrounds are more likely to obtain higher education, while the earnings returns to education, particularly degrees, emerge gradually over the lifecycle. Table 10 shows this pattern in the BCS: degree returns are not statistically significant at age 26, become significant by age 30, and rise substantially by age 42. This section uses lifecycle patterns from the BCS to project the IGE for the Next Steps

cohort to age 42, combining BCS estimates of education returns and the direct parental-income component with Next Steps gradients between parental income and educational attainment.

The projection exercise is based on two assumptions. First, we assume that the association between parental income and educational attainment is fixed from age 25, once most formal qualifications have been completed. This is plausible for the UK: OECD (2024) reports that 86% of males obtaining a bachelor's degree in 2015 did so by age 25. Second, we assume that the lifecycle profile of returns to education in the BCS provides an informative benchmark for Next Steps. Table 9 supports this assumption using Labour Force Survey data for full-time employed men aged 24-65 between 2000 and 2022. Regressions of log monthly earnings on qualifications, controlling for age, age squared and region fixed effects, show that degree returns are broadly stable over time, while GCSE returns decline gradually.

Before projecting the Next Steps IGE, we examine how education returns and the decomposition evolve across the lifecycle in the BCS at ages 26, 30, 34, 38 and 42. Table 10 shows that returns to education, especially degrees, increase with age. Table 11 reports the corresponding BCS decompositions. Both the education-mediated component and the direct parental-income component rise between ages 26 and 42, consistent with lifecycle bias being larger when earnings are observed early in adulthood.

Table 12 presents the first simulation, using Next Steps parental-income gradients from wave 8 at age 25/26 and imposing BCS lifecycle returns and the BCS direct parental-income component. Because the direct parental-income component is lower in Next Steps than in the BCS at age 25/26, these estimates should be interpreted as upper-bound projections. On this specification, projected persistence in Next Steps is similar to, or slightly below, that observed in the BCS.

Table 8 The returns to qualifications over time for all full-time employed males aged 24-65 from the Labour Force Survey, 2000-2022

	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022
Higher degree	0.0853*** (0.0126)	0.0773*** (0.0119)	0.0741*** (0.0142)	0.0860*** (0.0122)	0.0998*** (0.0122)	0.107*** (0.0126)	0.121*** (0.0131)	0.117*** (0.0130)	0.111*** (0.0137)	0.0743*** (0.0132)	0.109*** (0.0141)	0.0721*** (0.0139)
First degree	0.249*** (0.00922)	0.264*** (0.00888)	0.242*** (0.0105)	0.260*** (0.00949)	0.268*** (0.00952)	0.274*** (0.0100)	0.236*** (0.0105)	0.231*** (0.0105)	0.248*** (0.0111)	0.237*** (0.0107)	0.219*** (0.0116)	0.235*** (0.0116)
Other HE	0.356*** (0.0171)	0.363*** (0.0187)	0.215*** (0.0529)	0.227*** (0.0442)	0.102*** (0.0342)	0.130*** (0.0264)	0.108*** (0.0275)	0.0990*** (0.0284)	0.0806*** (0.0283)	0.0536* (0.0278)	0.0705** (0.0306)	0.00922 (0.0309)
HE Diploma	0.0719*** (0.0184)	0.0627*** (0.0190)	0.0744*** (0.0205)	0.0631*** (0.0192)	0.0655*** (0.0199)	0.0760*** (0.0195)	0.0581*** (0.0224)	0.0581** (0.0237)	0.0847*** (0.0242)	0.0585** (0.0240)	0.0147 (0.0258)	0.0609** (0.0290)
A-levels	0.0496*** (0.00840)	0.0630*** (0.00824)	0.0734*** (0.00983)	0.0759*** (0.00889)	0.0664*** (0.00906)	0.0828*** (0.00968)	0.0778*** (0.00994)	0.0919*** (0.00999)	0.0768*** (0.0106)	0.0708*** (0.0102)	0.0907*** (0.0111)	0.0830*** (0.0112)
A/S levels	0.0529 (0.0405)	0.000948 (0.0366)	-0.0523 (0.0423)	-0.0389 (0.0345)	-0.00204 (0.0320)	-0.0913*** (0.0292)	0.00109 (0.0239)	-0.0540** (0.0228)	-0.0245 (0.0220)	0.00472 (0.0217)	-0.0150 (0.0226)	0.0137 (0.0239)
5+GCSEs A*-C	0.311*** (0.00701)	0.289*** (0.00694)	0.271*** (0.00838)	0.252*** (0.00769)	0.250*** (0.00788)	0.238*** (0.00845)	0.219*** (0.00881)	0.221*** (0.00907)	0.189*** (0.00940)	0.175*** (0.00914)	0.142*** (0.0106)	0.100*** (0.0107)
1-4 GCSEs A*-C	0.162*** (0.00708)	0.150*** (0.00713)	0.126*** (0.00912)	0.120*** (0.00810)	0.116*** (0.00839)	0.118*** (0.00910)	0.0906*** (0.00983)	0.0853*** (0.0102)	0.0677*** (0.0109)	0.0502*** (0.0108)	0.0317** (0.0129)	-0.0117 (0.0140)
Observations	26,865	25,845	17,221	21,348	21,353	18,869	17,220	17,110	15,434	15,405	12,867	12,099
R-Squared	0.325	0.333	0.308	0.309	0.307	0.317	0.299	0.298	0.278	0.263	0.242	0.222

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: Northern Ireland Statistics and Research Agency, Central Survey Unit, Office for National Statistics, Social and Vital Statistics Division (2008a, 2008b, 2008c, 2008d, 2008e, 2008f, 2008g, 2009, 2014a, 2014b, 2014c, 2014d, 2014e, 2014f, 2014g, 2016a, 2016b), Northern Ireland Statistics and Research Agency, Central Survey Unit, Office for National Statistics, Social Survey Division (2014, 2015, 2019a, 2019b, 2019c), Office for National Statistics, Social and Vital Statistics Division, Northern Ireland Statistics and Research Agency, Central Survey Unit (2008a, 2008b, 2008c, 2008d, 2014a, 2014b, 2014c, 2014d, 2015), Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency, Central Survey Unit (2014a, 2014b, 2014c, 2014d, 2019a, 2019b, 2019c, 2019d, 2019f, 2019g, 2021), and Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency (2019a, 2019b).

Table 13 presents a lower-bound simulation. It keeps the same education-gradient and return assumptions as Table 12, but anchors the direct parental-income component at the level observed in Next Steps at age 32 and allows it to grow at the same rate as in the BCS. Under this specification, the projected age-42 IGE for Next Steps is around eight percentage points below the BCS estimate.

We validate the projections using the observed Next Steps IGE at age 32. Because the simulations report ages 30 and 34 but not 32, we interpolate by assuming that the IGE changes at the same rate between ages 30 and 34. This gives a predicted age-32 range of 0.203 to 0.259. The observed estimate of 0.214 lies within this range and closer to the lower bound. Taken together, the lifecycle projections suggest that lifetime persistence for the 1989-90 cohort is likely to be slightly lower than for the 1970 cohort, but not substantially so.

Table 9 Returns across the lifecycle in the BCS

VARIABLES	(1) Age 26	(2) Age 30	(3) Age 34	(4) Age 38	(5) Age 42
Av. parent income	0.105*** (0.018)	0.157*** (0.019)	0.155*** (0.021)	0.181*** (0.024)	0.174*** (0.025)
Maths at 10 / KS2	0.028* (0.015)	0.032** (0.013)	0.024 (0.016)	0.028 (0.019)	0.020 (0.019)
Reading at 10 / KS2	-0.009 (0.015)	0.006 (0.013)	0.011 (0.015)	-0.008 (0.019)	0.035* (0.018)
Application at 10/Academic self-concept	0.015 (0.012)	0.024** (0.011)	0.024* (0.014)	0.015 (0.016)	0.026* (0.015)
Anxious at 10 / GHQ-12 score	-0.027** (0.011)	-0.021* (0.010)	-0.034*** (0.011)	-0.024* (0.014)	-0.020 (0.013)
Number of GCSEs	0.020*** (0.004)	0.022*** (0.003)	0.029*** (0.004)	0.036*** (0.005)	0.036*** (0.006)
Number of A-levels	0.006 (0.009)	0.033*** (0.010)	0.028*** (0.012)	0.02 (0.013)	0.01 -0.015
Degree	-0.011 (0.028)	0.094*** (0.027)	0.161*** (0.032)	0.198*** (0.037)	0.304*** (0.035)
Observations	2,128	2,970	2,513	1,852	2,437
R-squared	0.095	0.197	0.214	0.248	0.243

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University of London (2024).

Table 10 Decomposition across the lifecycle in the BCS

VARIABLES	(1) Age 26	(2) Age 30	(3) Age 34	(4) Age 38	(5) Age 42
Maths at 10 / KS2	0.010	0.012	0.009	0.010	0.007
Reading at 10 / KS2	-0.003	0.002	0.004	-0.003	0.012

Application at 10/Academic self-concept	0.003	0.005	0.005	0.003	0.006
Anxious at 10 / GHQ-12 score	0.002	0.002	0.003	0.002	0.002
Number of GCSEs	0.031	0.034	0.045	0.056	0.056
Number of A-levels	0.003	0.018	0.015	0.011	0.005
Degree	-0.002	0.017	0.028	0.035	0.054
Total through education	0.045	0.089	0.109	0.114	0.141
Total direct from parental income	0.105	0.157	0.155	0.181	0.174
Total through missing dummies	0.013	0.018	0.023	0.016	0.020
Total intergenerational elasticity	0.163	0.264	0.287	0.311	0.335

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.
Source: University of London (2024).

Table 11 Projecting intergenerational elasticities using Next Steps family income gradients, BCS returns, and BCS ‘direct component’

VARIABLES	(1) Age 26	(2) Age 30	(3) Age 34	(4) Age 38	(5) Age 42
Maths at 10 / KS2	0.008	0.009	0.007	0.008	0.004
Reading at 10 / KS2	-0.004	0.003	0.004	-0.004	0.013
Application at 10/Academic self-concept	0.002	0.003	0.003	0.002	0.003
Anxious at 10 / GHQ-12 score	0.000	0.000	0.000	0.000	0.000
Number of GCSEs	0.035	0.041	0.055	0.072	0.084
Number of A-levels	0.001	0.003	0.003	0.002	0.001
Degree	-0.001	0.013	0.021	0.026	0.038
Total through education	0.041	0.072	0.093	0.106	0.142
Total direct from parental income	0.105	0.157	0.155	0.181	0.174
Total through missing dummies	0.013	0.018	0.023	0.016	0.020
Total intergenerational elasticity	0.159	0.247	0.271	0.303	0.336

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.
Source: University College London (2026, 2025), University of London (2024).

Table 12 Projecting intergenerational elasticities using Next Steps family income gradient, BCS returns, and scaling Next Steps ‘direct component’ by BCS ‘direct component’ trajectory

VARIABLES	(1) Age 26	(2) Age 30	(3) Age 34	(4) Age 38	(5) Age 42
Maths at 10 / KS2	0.008	0.009	0.007	0.008	0.004
Reading at 10 / KS2	-0.004	0.003	0.004	-0.004	0.013

Application at 10/Academic self-concept	0.002	0.003	0.003	0.002	0.003
Anxious at 10 / GHQ-12 score	0.000	0.000	0.000	0.000	0.000
Number of GCSEs	0.035	0.041	0.055	0.072	0.084
Number of A-levels	0.001	0.003	0.003	0.002	0.001
Degree	-0.001	0.013	0.021	0.026	0.038
Total through education	0.041	0.072	0.093	0.106	0.142
Total direct from parental income	0.068	0.102	0.101	0.117	0.113
Total through missing dummies	0.013	0.018	0.023	0.016	0.020
Total intergenerational elasticity	0.123	0.191	0.216	0.239	0.275

Notes: Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: University College London (2026, 2025), University of London (2024).

6. Conclusion

This paper uses Next Steps to provide new evidence on intergenerational income persistence for sons born in England in 1989–90. The analysis estimates the association between parental income during adolescence and sons' earnings at age 32, compares this cohort with the 1970 British Cohort Study, and examines the extent to which early skills, noncognitive traits and educational attainment account for persistence.

The decomposition results show that education remains a central channel through which family income is transmitted into adult earnings. Early cognitive skills and later educational attainment account for a substantial share of persistence, while measured noncognitive traits explain little once education is controlled for. GCSE attainment, A-level attainment and degree completion are particularly important in the Next Steps cohort. The comparable BCS analysis suggests that education also accounted for a sizeable share of persistence in the earlier cohort, although the precise decomposition differs across measures.

These findings have two policy implications. First, the persistence of income advantages across generations remains substantial, even for a cohort educated after major expansion in higher education. Second, because education continues to mediate a large share of persistence, policies that reduce socioeconomic gaps in attainment are central to improving mobility. The results point especially to the importance of raising attainment before the end of compulsory schooling

and widening access to, and progression through, higher education. However, the analysis is descriptive and cannot identify the causal impact of any specific policy intervention.

Because sons' earnings are observed at age 32, the estimates are likely to understate lifetime persistence. Lifecycle projections using the BCS indicate that the Next Steps IGE may rise as the cohort ages, as returns to education are more fully realised. The projected age-42 estimates suggest that lifetime persistence for the 1989–90 cohort is likely to be slightly lower than for the 1970 cohort, but not substantially so.

Several limitations remain. The Next Steps estimates rely on earnings observed relatively early in adulthood and on assumptions about lifecycle returns when projecting persistence to later ages. Parental income is banded and imperfectly measured, particularly at the top of the distribution. The analysis also focuses on sons to maintain comparability with the existing UK literature, leaving open important questions about mobility among daughters and gender differences in the intergenerational transmission of income. Future waves of Next Steps will allow more direct estimates of lifetime persistence and a fuller analysis of heterogeneity by gender and other dimensions of family background.

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Appendix

A.1. Parental income distribution

In Section 3.2, we suggest that differences in the variance of parental income can lead to a difference in the IGE in the two cohorts. Thus, in this appendix, we provide a detailed comparison of parental income distribution in the Next Steps and the BCS and use external sources of data to identify the time trend in the variance of parental income in order to validate our results.

Tables A1 and A2 show the distributions of annual parental income at age 16 in the BCS and the Next Steps without any sample restriction. There are 11 income groups in the BCS and 12 groups in the Next Steps. For the BCS cohort, about half of the cohort members are in the second to fourth parental income groups, while for the Next Steps, though most cohort members are also in lower middle-income groups (3-7), the group with most individuals is the top group. In order to ensure this non-normal distribution is not due to measurement errors, we check the distribution of annual gross parental income in the Family Resource Survey (FRS) in the same year, 2006. Table A3 shows that about 20% of individuals in the FRS have an annual parental income higher than £52,000. Thus, a large number of cohort members being in the top parental income group in the Next Steps is likely to be caused by bad bandings.

Table A1. Distribution of annual gross parental income at age 16 in the BCS

		N.	Percent (%)	Cumulative %
1	Under 2,600	217	3.02	3.02
2	2,600-5,199	1,222	17.01	20.03
3	5,200-7,799	1,200	16.70	36.73
4	7,800-10,399	1,241	17.27	54.00
5	10,400-12,999	992	13.81	67.81
6	13,000-15,599	783	10.90	78.71
7	15,600-18,199	507	7.06	85.76
8	18,200-20,799	306	4.26	90.02
9	20,800-23,399	276	3.84	93.86
10	23,400-25,999	127	1.77	95.63
11	26,000 or more	314	4.37	100.00
Total		7,185	100.00	

Source: University of London (2024).

Table A2. Distribution of annual gross parental income at age 16 in the Next Steps

		N.	Percent (%)	Cumulative %
1	Up to 2,599	55	0.54	0.54
2	2,600-5,199	292	2.86	3.40
3	5,200-10,399	1,121	10.99	14.39
4	10,400-15,599	1,411	13.83	28.23
5	15,600-20,799	1,158	11.35	39.58
6	20,800-25,999	1,007	9.87	49.46
7	26,000-31,199	1,032	10.12	59.57
8	31,200-36,399	845	8.29	67.86
9	36,400-41,599	670	6.57	74.43
10	41,600-46,799	523	5.13	79.56
11	46,800-51,999	537	5.27	84.82
12	52,000 or more	1,548	15.18	100.00
Total		10,199	100.00	

Source: University College London (2026).

Table A3. Distribution of annual gross parental income (not banded) in the FRS in 2006

Percentiles	N.
10%	12,642
20%	15,996
30%	20,072
40%	24,871
50%	30,496
60%	36,068
70%	43,240
80%	52,941
90%	68,783

Notes: Sample includes parents with children, boys and girls, aged 11-19, in England.

Source: Department for Work and Pensions, Office for National Statistics, Social and Vital Statistics Division, National Centre for Social Research (2014c)

Another issue we have noticed is that the variance in the Next Steps parental income is larger than that in the BCS. Table A4 presents the variance in parental income at ages 10 and 16 for the BCS cohort and at ages 14-16 for the Next Steps cohort. Focusing on age 16, we can see that the variance in the Next Steps parental income is 0.05 larger than that in the BCS. To see whether the difference in income variance is led by time trends, we explore the variance in parental income from 1983 to 2007 using the Family Expenditure Survey (FES) and the Family Resource Survey (FES).

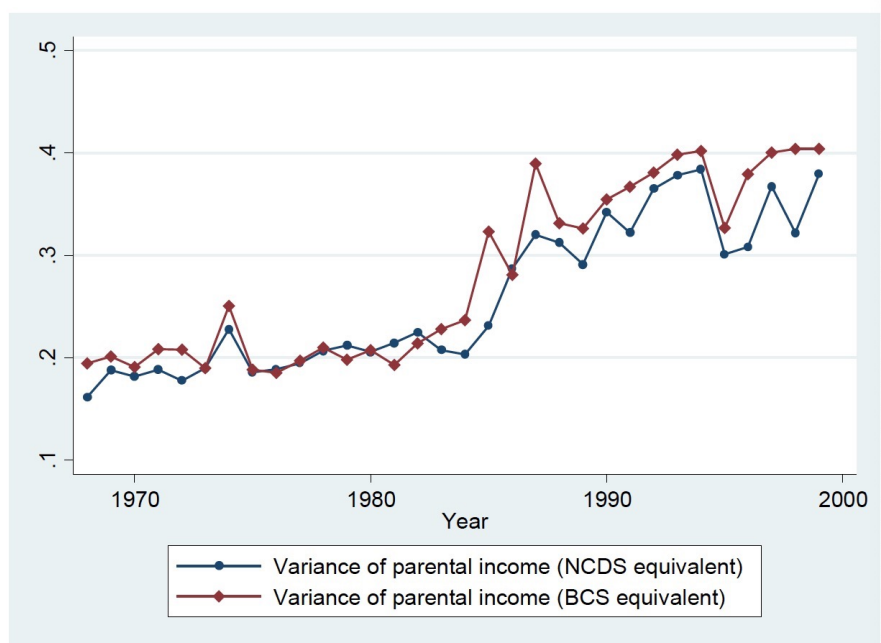
Table A4. Variance in log parental income for restricted sample (regression sample)

	BCS	Next Steps
Age 10	0.259	
Age 14		0.863
Age 15		0.569
Age 16	0.348	0.398
Age 17		0.434

Notes: Variance calculated using weighted gross parental monthly income for BCS and weighted gross parental monthly

income for NS. Sample restricted to parents with sons in England.
Source: University College London (2026), University of London (2024).

Figure A1. Variance in FES net parental income over time: NCDS⁶ and BCS equivalent measures



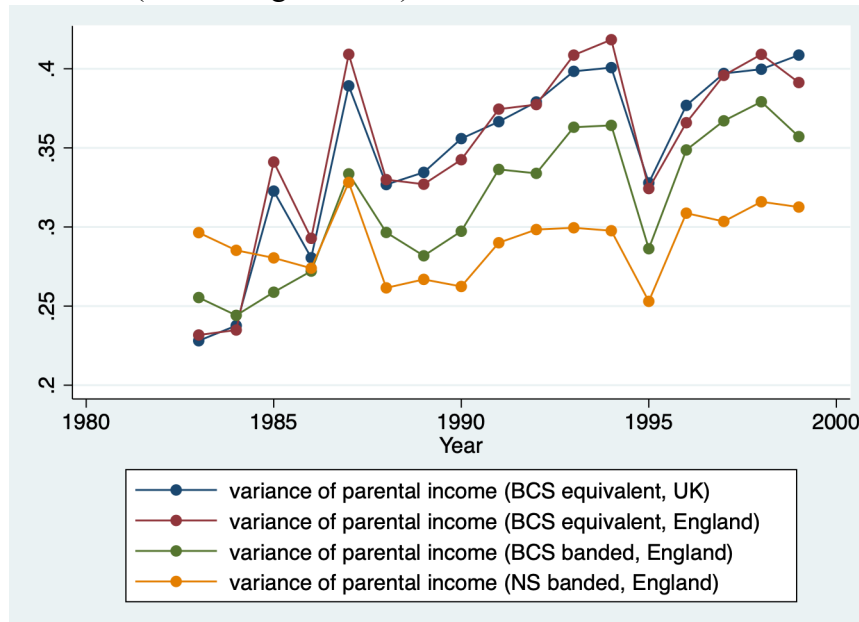
Notes: Sample is entire UK. Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 10-16. All prices deflated to 2001 prices.
Source: Blanden et al. (2013)

According to Blanden et al. (2013), the variance in FES net parental income increases gradually from just above 0.2 to around 0.35 from 1980 to 1990, and then it fluctuates between 0.3 to 0.4 during the last decade of the 20th century (Figure A1). We replicate their BCS equivalent measure, which uses the income of the head of the household and the partner as parental income. Moreover, we use BCS banded measure, and Next Steps banded measures by converting FES and FRS continuous income into banded income based on the proportion of 11 income bands as in Sweep 4 of BCS and the proportion of 12 income bands as in Wave 3 of Next Steps respectively. We also restrict the sample to England, focus on children aged 11-19, and use gross parent income instead of the net income to make the variance in the external datasets more comparable to that in the BCS and the Next Steps. Figures A2-4 and Tables A5-7 show the variance in FES parental income from 1983 to 1999, while Figures A5-7 and Tables A8-10 show the variance in FES parental income from 1997 to 2007. We find that the variance in parental income rises steadily until 1994, and the variance in parental income in 1986 is lower

⁶ The 1958 National Child Development Study (NCDS) is a cohort study following lives of 17,415 people born in the UK in a single week of 1958.

than that in 2006 according to various measures and sample restrictions.

Figure A2. Variance in FES net parental income over time: BCS and Next Steps equivalent measures (children aged 10-16)



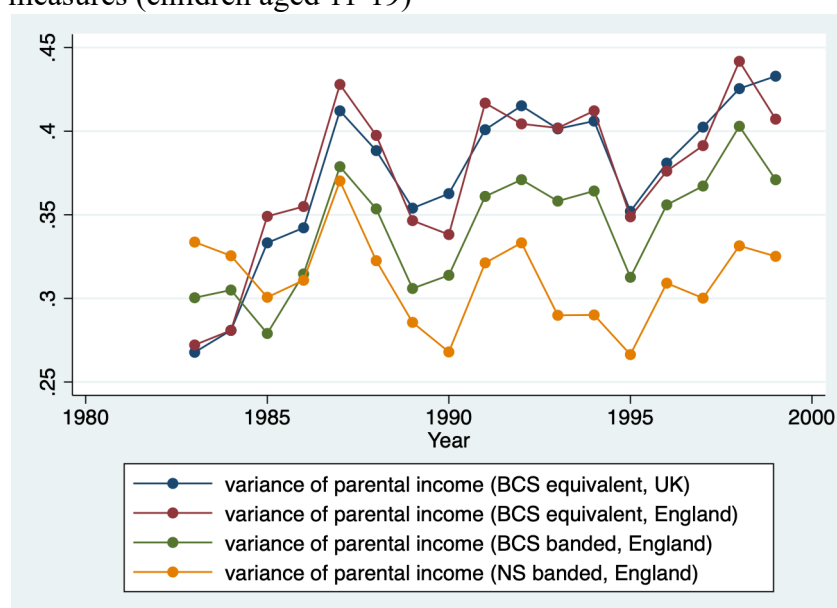
Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 10-16. Prices deflated to 2001 prices. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)⁷

⁷ Data Source for Figures A2-4 and Tables A5-7:

Central Statistical Office, 1992a, *Family Expenditure Survey, 1989*. [data collection]. UK Data Service. SN: 2916, DOI: 10.5255/UKDA-SN-2916-1; Central Statistical Office, 1992b, *Family Expenditure Survey, 1990*. [data collection]. UK Data Service. SN: 2918, DOI: 10.5255/UKDA-SN-2918-1; Central Statistical Office, 1992c, *Family Expenditure Survey, 1991*. [data collection]. UK Data Service. SN: 2944, DOI: 10.5255/UKDA-SN-2944-1; Central Statistical Office, 1993, *Family Expenditure Survey, 1992*. [data collection]. UK Data Service. SN: 3064, DOI: 10.5255/UKDA-SN-3064-1; Central Statistical Office, 1994, *Family Expenditure Survey, 1993*. [data collection]. UK Data Service. SN: 3242, DOI: 10.5255/UKDA-SN-3242-1; Central Statistical Office, 1995, *Family Expenditure Survey, 1993-1994*. [data collection]. UK Data Service. SN: 3280, DOI: 10.5255/UKDA-SN-3280-1; Central Statistical Office, 1996, *Family Expenditure Survey, 1994-1995*. [data collection]. UK Data Service. SN: 3478, DOI: 10.5255/UKDA-SN-3478-1; Central Statistical Office, 1997, *Family Expenditure Survey, 1995-1996*. [data collection]. 2nd Edition. UK Data Service. SN: 3635, DOI: 10.5255/UKDA-SN-3635-1; Department of Employment, 1985, *Family Expenditure Survey, 1983*. [data collection]. UK Data Service. SN: 2016, DOI: 10.5255/UKDA-SN-2016-1; Department of Employment, 1986, *Family Expenditure Survey, 1984*. [data collection]. UK Data Service. SN: 2136, DOI: 10.5255/UKDA-SN-2136-1; Department of Employment, 1987, *Family Expenditure Survey, 1985*. [data collection]. UK Data Service. SN: 2214, DOI: 10.5255/UKDA-SN-2214-1; Department of Employment, 1989a, *Family Expenditure Survey, 1986*. [data collection]. UK Data Service. SN: 2556, DOI: 10.5255/UKDA-SN-2556-1; Department of Employment, 1989b, *Family Expenditure Survey, 1987*. [data collection]. UK Data Service. SN: 2647, DOI: 10.5255/UKDA-SN-2647-1; Department of Employment, 1990, *Family Expenditure Survey, 1988*. [data collection]. UK Data Service. SN: 2683, DOI: 10.5255/UKDA-SN-2683-1; Office for National Statistics, 1999, *Family Expenditure Survey, 1997-1998*. [data collection]. UK Data Service. SN: 3963, DOI: 10.5255/UKDA-SN-3963-1; Office for National Statistics, 2000a, *Family Expenditure Survey, 1996-1997*. [data collection]. 2nd Edition. UK Data Service. SN: 3783, DOI: 10.5255/UKDA-SN-3783-1; Office for National Statistics, 2000b, *Family Expenditure Survey, 1998-1999*. [data collection]. UK Data Service. SN: 4071, DOI: 10.5255/UKDA-SN-4071-1.

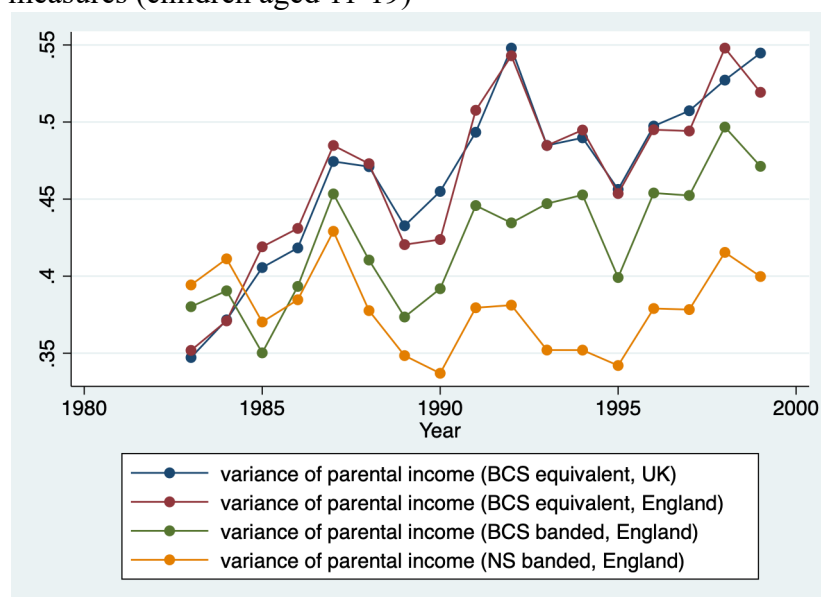
Figure A3. Variance in FES net parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)



Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)

Figure A4. Variance in FES gross parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)



Notes: Variance calculated using gross parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)

Table A5. Variance in FES net parental income over time: BCS and Next Steps equivalent measures

Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
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83	0.228	0.232	0.255	0.296
84	0.238	0.235	0.244	0.285
85	0.323	0.341	0.259	0.280
86	0.281	0.293	0.272	0.274
87	0.389	0.409	0.334	0.328
88	0.327	0.330	0.297	0.262
89	0.335	0.327	0.282	0.267
90	0.356	0.343	0.297	0.262
91	0.367	0.375	0.336	0.290
92	0.379	0.377	0.334	0.298
93	0.398	0.409	0.363	0.299
94	0.401	0.418	0.364	0.298
95	0.328	0.324	0.286	0.253
96	0.377	0.366	0.349	0.309
97	0.397	0.396	0.367	0.303
98	0.400	0.409	0.379	0.316
99	0.409	0.391	0.357	0.313

Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 10-16. Prices deflated to 2001 prices. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)

Table A6. Variance in FES net parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)

Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
83	0.268	0.272	0.300	0.334
84	0.281	0.281	0.305	0.325
85	0.333	0.349	0.279	0.301
86	0.342	0.355	0.315	0.311
87	0.412	0.428	0.379	0.370
88	0.388	0.397	0.354	0.323
89	0.354	0.347	0.306	0.286
90	0.363	0.338	0.314	0.268
91	0.401	0.417	0.361	0.321
92	0.415	0.404	0.371	0.333
93	0.401	0.402	0.358	0.290
94	0.406	0.412	0.364	0.290
95	0.352	0.349	0.313	0.266
96	0.381	0.376	0.356	0.309
97	0.402	0.391	0.367	0.300
98	0.425	0.442	0.403	0.331
99	0.433	0.407	0.371	0.325

Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)

Table A7. Variance in FES gross parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)

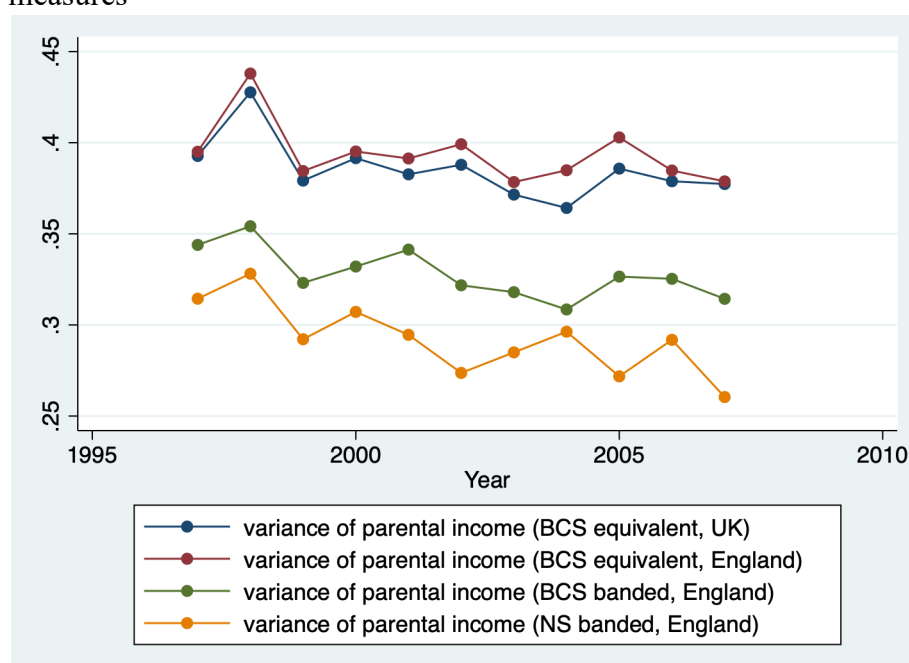
Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
83	0.347	0.352	0.380	0.394
84	0.372	0.371	0.390	0.411
85	0.406	0.419	0.350	0.370
86	0.418	0.431	0.393	0.385
87	0.474	0.485	0.453	0.429

88	0.471	0.473	0.410	0.378
89	0.433	0.420	0.373	0.348
90	0.455	0.424	0.392	0.337
91	0.493	0.508	0.446	0.379
92	0.548	0.543	0.435	0.381
93	0.485	0.485	0.447	0.352
94	0.490	0.495	0.453	0.352
95	0.456	0.454	0.399	0.342
96	0.497	0.495	0.454	0.379
97	0.507	0.494	0.452	0.378
98	0.527	0.548	0.497	0.415
99	0.545	0.519	0.471	0.400

Notes: Variance calculated using gross parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Expenditure Survey (1983-1999)

Figure A5. Variance in FRS net parental income over time: BCS and Next Steps equivalent measures



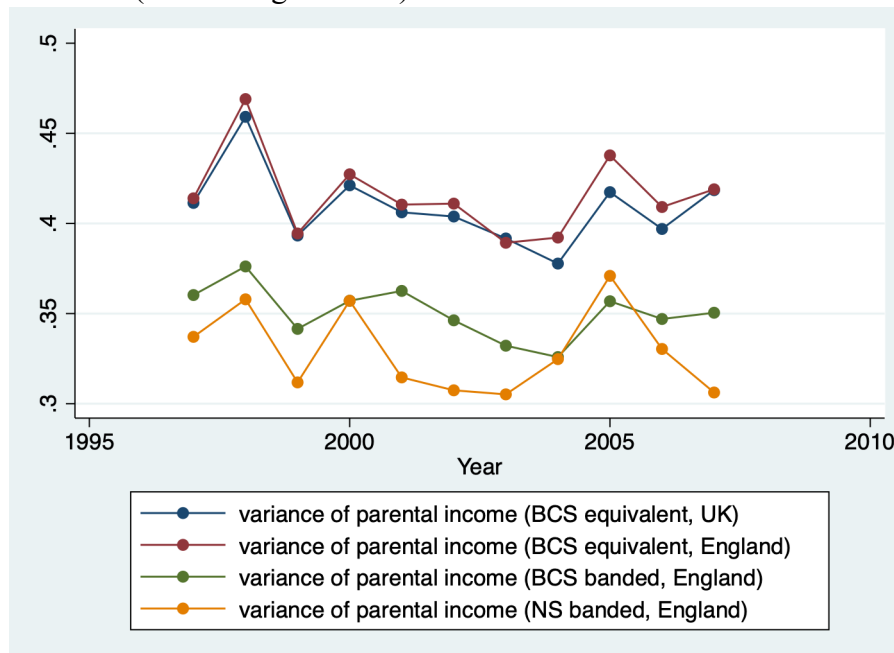
Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 10-16. Prices deflated to 2001 prices. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (1997-2007)⁸

⁸ Data Source for Figures A5-7 and and Tables A8-10:

Department for Work and Pensions, National Centre for Social Research, Office for National Statistics, Social Survey Division, Department of Social Security, 2005, *Family Resources Survey, 1999-2000*, [data collection], UK Data Service, 4th Edition. SN: 4389, DOI: 10.5255/UKDA-SN-4389-1; Department for Work and Pensions, National Centre for Social Research, Office for National Statistics, Social and Vital Statistics Division, 2014a, *Family Resources Survey, 2004-2005*, [data collection], UK Data Service, 3rd Edition. SN: 5291, DOI: 10.5255/UKDA-SN-5291-2; Department for Work and Pensions, Office for National Statistics, Social and Vital Statistics Division, National Centre for Social Research, 2014b, *Family Resources Survey, 2006-2007*, [data collection], UK Data Service, 3rd Edition. SN: 6079, DOI: 10.5255/UKDA-SN-6079-2; Department for Work and Pensions, Office for National Statistics, Social and Vital Statistics Division, National Centre for Social Research, 2014c, *Family Resources Survey, 2007-2008*, [data collection], UK Data Service, 2nd Edition. SN:

Figure A6. Variance in FRS net parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)

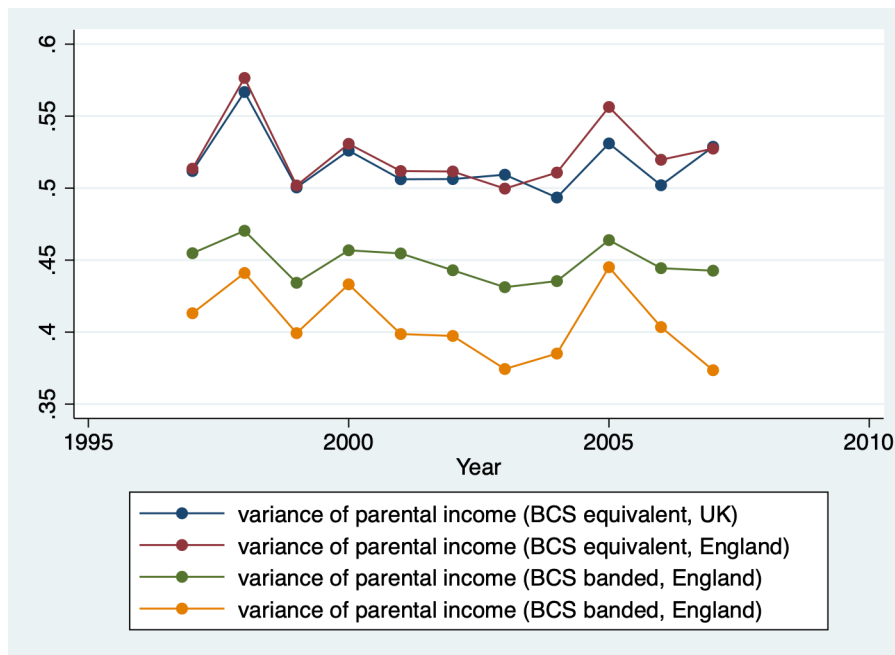


Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (97-07)

Figure A7. Variance in FES parental gross income over time: Next Steps and BCS equivalent measures (children aged 11-19)

6252, DOI: 10.5255/UKDA-SN-6252-2; Department for Work and Pensions, National Centre for Social Research, Office for National Statistics, Social and Vital Statistics Division, 2014d, *Family Resources Survey, 2003-2004*, [data collection], UK Data Service, 5th Edition. SN: 5139, DOI: 10.5255/UKDA-SN-5139-2; National Centre for Social Research, Department for Work and Pensions, Office for National Statistics, Social Survey Division, Department of Social Security, 2005, *Family Resources Survey, 1998-1999*, [data collection], UK Data Service, 4th Edition. SN: 4149, DOI: 10.5255/UKDA-SN-4149-1; National Centre for Social Research, Department for Work and Pensions, Office for National Statistics, Social and Vital Statistics Division, 2014, *Family Resources Survey, 2002-2003*, [data collection], UK Data Service, 5th Edition. SN: 4803, DOI: 10.5255/UKDA-SN-4803-2; National Centre for Social Research, Office for National Statistics, Social Survey Division, Department for Work and Pensions, 2005, *Family Resources Survey, 2001-2002*, [data collection], UK Data Service, 3rd Edition. SN: 4633, DOI: 10.5255/UKDA-SN-4633-1; National Centre for Social Research, Office for National Statistics, Social and Vital Statistics Division, Department for Work and Pensions, 2014, *Family Resources Survey, 2005-2006*, [data collection], UK Data Service, 2nd Edition. SN: 5742, DOI: 10.5255/UKDA-SN-5742-2; Office for National Statistics, Social Survey Division, Department for Work and Pensions, Department of Social Security, National Centre for Social Research, 2005a, *Family Resources Survey, 1997-1998*, [data collection], UK Data Service, 6th Edition. SN: 4068, DOI: 10.5255/UKDA-SN-4068-1; Office for National Statistics, Social Survey Division, Department of Social Security, Department for Work and Pensions, National Centre for Social Research, 2005b, *Family Resources Survey, 2000-2001*, [data collection], UK Data Service, 3rd Edition. SN: 4498, DOI: 10.5255/UKDA-SN-4498-1



Notes: Variance calculated using gross parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (1997-2007)

Table A8. Variance in FRS net parental income over time: BCS and Next Steps equivalent measures

Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
97	0.393	0.395	0.344	0.314
98	0.428	0.438	0.354	0.328
99	0.379	0.384	0.323	0.292
00	0.392	0.395	0.332	0.307
01	0.383	0.391	0.341	0.295
02	0.388	0.399	0.322	0.274
03	0.372	0.378	0.318	0.285
04	0.364	0.385	0.308	0.296
05	0.386	0.403	0.327	0.272
06	0.379	0.385	0.325	0.292
07	0.377	0.379	0.314	0.260

Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 10-16. Prices deflated to 2001 prices. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (1997-2007)

Table A9. Variance in FRS net parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)

Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
97	0.411	0.414	0.360	0.337
98	0.459	0.469	0.376	0.358
99	0.393	0.394	0.342	0.312
00	0.421	0.427	0.357	0.357
01	0.406	0.410	0.363	0.315
02	0.404	0.411	0.346	0.307
03	0.392	0.389	0.332	0.305

04	0.378	0.392	0.326	0.325
05	0.417	0.438	0.357	0.371
06	0.397	0.409	0.347	0.330
07	0.418	0.419	0.350	0.306

Notes: Variance calculated using net parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (1997-2007)

Table A10. Variance in FRS gross parental income over time: Next Steps and BCS equivalent measures (children aged 11-19)

Year	Variance (BCS equivalent, UK)	Variance (BCS equivalent, England)	Variance (BCS banded, England)	Variance (NS banded, England)
97	0.512	0.513	0.455	0.413
98	0.567	0.577	0.470	0.441
99	0.500	0.502	0.434	0.399
00	0.526	0.531	0.457	0.433
01	0.506	0.512	0.455	0.399
02	0.506	0.512	0.443	0.397
03	0.509	0.500	0.431	0.374
04	0.493	0.511	0.435	0.385
05	0.531	0.556	0.464	0.445
06	0.502	0.520	0.444	0.403
07	0.529	0.527	0.443	0.374

Notes: Variance calculated using gross parental weekly income. Sample includes parents with children, boys and girls, aged 11-19. 'BCS banded' refers to the distribution of 1970 British Cohort Study income bands, which include 11 bands as in Sweep 4 of BCS. 'NS banded' refers to the distribution of Next Steps income bands, which include 12 bands as in Wave 3 of Next Steps.

Source: Family Resource Survey (1997-2007)

A.2. A comparison with the BCS

Table A11 compares the change in intergenerational income elasticity (IGE) and relationships between mediating variables for sons in the BCS and Next Steps. Unlike in the main result section, where we include both numbers and total points of GCSEs and A-levels, we here only use the numbers to control for KS 4 and 5 attainments in order to compare our estimate for the Next Steps cohort to that for the BCS cohort.

Table A11. Comparison of intergenerational income elasticity (IGE) and relationships between mediating variables for BCS and Next Steps

		Conditional earnings regressions BCS				Conditional earnings regressions Next Steps		
	Parental income bivariate BCS	1	2	3	Parental income bivariate NS	1	2	3
Av. parent income		0.214*** (0.020)	0.166*** (0.019)	0.157*** (0.019)		0.159*** (0.024)	0.130*** (0.024)	0.122*** (0.023)
Maths at 10 / KS2	0.360*** (0.032)	0.073*** (0.013)	0.037*** (0.013)	0.032** (0.013)	0.299*** (0.057)	0.112*** (0.017)	0.075*** (0.017)	0.078*** (0.017)
Reading at 10 / KS2	0.331*** (0.033)	0.032** (0.013)	0.009 (0.013)	0.006 (0.013)	0.380*** (0.056)	0.015 (0.017)	-0.024 (0.017)	-0.031* (0.017)
Application at 10/Academic self-concept	0.217*** (0.033)	0.053*** (0.011)	0.027** (0.011)	0.024** (0.011)	0.110** (0.054)	0.052*** (0.014)	0.032** (0.014)	0.022 (0.014)
Anxious at 10 / GHQ-12 score	-0.086** (0.035)	-0.015 (0.010)	-0.020* (0.010)	-0.021** (0.010)	-0.136 (0.144)	-0.000 (0.006)	-0.000 (0.006)	-0.001 (0.006)
Number of GCSEs	1.545*** (0.112)		0.036*** (0.003)	0.022*** (0.004)	2.135*** (0.228)		0.028*** (0.004)	0.020*** (0.004)
Number of A-levels	0.549*** (0.047)			0.033*** (0.009)	0.049 (0.043)			-0.013 (0.011)
Degree	0.177*** (0.016)			0.094*** (0.027)	0.175*** (0.025)			0.170*** (0.030)
R^2	2,970	2,970	2,970	2,970	1,629	1,629	1,629	1,629
N		0.139	0.185	0.197		0.191	0.219	0.241

Notes: Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: University College London (2026, 2025), University of London (2024).

Table A12. Decomposition of intergenerational income elasticity (IGE) for BCS and Next Steps gross income

	Decomposition BCS			Decomposition Next Steps		
	1	2	3	1	2	3
Direct Av. parent income	0.214	0.166	0.157	0.159	0.130	0.122
Total through education	0.044	0.050	0.087	0.045	0.075	0.084
Total through missings	0.006	0.048	0.020	0.010	0.009	0.008
Total intergen elasticity	0.264	0.264	0.264	0.214	0.214	0.214
Maths at 10 / KS2	0.026	0.013	0.012	0.033	0.022	0.023
Reading at 10 / KS2	0.011	0.003	0.002	0.006	-0.009	-0.012
Application at 10/ Academic self-concept	0.006	0.003	0.003	0.006	0.003	0.002
Anxious at 10 / GHQ-12 score	0.001	0.002	0.002	0.000	0.000	0.000
Total through early skills	0.044	0.021	0.018	0.045	0.016	0.013
Number of GCSEs		0.029	0.034		0.059	0.042
Total through compulsory		0.029	0.034		0.059	0.042
Number of A-levels			0.018			-0.001
Degree			0.017			0.030
Total through post-16			0.035			0.029
<i>N</i>	2,970	2,970	2,970	1,629	1,629	1,629

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University College London (2026, 2025), University of London (2024).

Table A13. Comparison of rank-rank association and relationships between mediating variables for BCS and Next Steps

		Conditional earnings regressions BCS				Conditional earnings regressions Next Steps		
		1	2	3		1	2	3
	Parental income bivariate BCS				Parental income bivariate NS			
Av. parent income		0.228*** (0.020)	0.171*** (0.020)	0.163*** (0.019)		0.208*** (0.030)	0.169*** (0.030)	0.158*** (0.029)
Maths at 10 / KS2	0.007*** (0.001)	4.411*** (0.854)	2.089** (0.842)	1.733** (0.835)	0.007*** (0.001)	6.781*** (1.040)	4.541*** (1.072)	4.713*** (1.042)
Reading at 10 / KS2	0.006*** (0.001)	2.264** (0.840)	0.866 (0.826)	0.757 (0.820)	0.008*** (0.001)	1.166 (1.026)	-1.136 (1.025)	-1.551 (0.997)
Application at 10/Academic self-concept	0.004*** (0.001)	3.235** (0.699)	1.523** (0.696)	1.354* (0.692)	0.003*** (0.001)	2.734*** (0.849)	1.507* (0.856)	0.901 (0.842)
Anxious at 10 / GHQ-12 score	-0.002*** (0.001)	-1.061* (0.578)	-1.386** (0.566)	-1.440** (0.564)	-0.002 (0.003)	-0.140 (0.397)	-0.111 (0.377)	-0.173 (0.372)
Number of GCSEs	0.029*** (0.002)		2.305*** (0.173)	1.594*** (0.225)	0.047*** (0.005)		1.671*** (0.255)	1.216*** (0.277)
Number of A-levels	0.010*** (0.001)			1.117** (0.562)	0.001 (0.001)			-0.571 (0.663)
Degree	0.003*** (0.000)			7.395*** (1.626)	0.004*** (0.001)			10.120*** (1.813)
R^2	2,970	2,970	2,970	2,970	1,629	1,629	1,629	1,629
N		0.139	0.191	0.202		0.194	0.223	0.243

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University College London (2026, 2025), University of London (2024).

Table A14. Decomposition of rank-rank association for BCS and Next Steps gross income

	Decomposition BCS			Decomposition Next Steps		
	1	2	3	1	2	3
Direct Av. parent income	0.228	0.171	0.163	0.208	0.169	0.158
Total through education	0.060	0.096	0.105	0.063	0.104	0.117
Total through missings	-0.002	0.019	0.018	0.016	0.014	0.012
Total intergen elasticity	0.286	0.286	0.286	0.287	0.287	0.287
Maths at 10 / KS2	0.031	0.015	0.012	0.045	0.030	0.031
Reading at 10 / KS2	0.014	0.005	0.005	0.010	-0.009	-0.013
Application at 10/ Academic self-concept	0.013	0.006	0.005	0.008	0.005	0.003
Anxious at 10 / GHQ-12 score	0.002	0.003	0.003	0.000	0.000	0.000
Total through early skills	0.060	0.029	0.025	0.063	0.026	0.021
Number of GCSEs		0.067	0.046		0.078	0.057
Total through compulsory		0.067	0.046		0.078	0.057
Number of A-levels			0.011			-0.001
Degree			0.022			0.040
Total through post-16			0.033			0.039
<i>N</i>	2,970	2,970	2,970	1,629	1,629	1,629

Notes: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University College London (2026, 2025), University of London (2024).

For the BCS cohort, the relationship between parental income and all selected factors is statistically significant. For the Next Steps cohort, however, there is no statistically significant relationship between parental income and either the GHQ-12 score or the number of A-levels. Gregg and Macmillan (2010) find that the association between family income and GCSE outcomes has weakened over time; in our sample, however, it appears to have strengthened. This divergence comes primarily from two differences: our measure of family income and our sample restriction. First, they use standardised family income, while we use its real (unstandardised) value. Second, the association between parental income and GCSE outcomes is considerably smaller (0.641) when all males are included. Once the sample is restricted to the regression sample, those with labour-market earnings who are in full-time employment, the association becomes substantially larger.

In terms of the returns to education and early skills, in the first specification, KS2 mathematics scores play an important role in explaining future earnings for both cohorts. After adding the number of GCSEs to the model, the estimates for most early skills and educational attainments become statistically insignificant. Results from the final specification show that the positive relationships between KS2 mathematics, number of GCSEs, degree attainment, and earnings remain statistically significant at the one percent level for both cohorts. Moreover, sons' earnings in the BCS are also associated with anxiety at age 10 and A-level results. To gain a clearer understanding of how these factors contribute to the IGE, we then turn to the decomposition approach.

The results presented in Table A12 show the decomposition of the overall income persistence in the BCS and Next Steps cohorts. The income persistence is decomposed into the contribution of each factor by multiplying the coefficient of each mediating variable by its relationship with parental income. The results suggest that educational factors contribute a great part of intergenerational income persistence for both cohorts, especially for Next Steps. As we add more educational attainment variables into our models, the coefficients for average parental income and early skills drop. It suggests that parental income and early skills affect sons' earnings by influencing educational attainments. In the final specification, the direct effect of parental income accounts for 59% of the IGE for the BCS and 57% of the IGE for the Next Steps, while early skills and education are responsible for 33% and 39% for the BCS and Next Steps, respectively. The rest of the intergenerational income persistence is accounted for by variable missingness.

The results for the rank-rank association and decomposition show a similar picture. Number of GCSEs is the most important factor explaining the persistence between parental income and sons' earnings at a young age. In general, early skills and later educational attainment explain 37% and 41% of the persistence in the positions of parental income and sons' earnings in the BCS and Next Steps, respectively. Based on the decomposition results of IGE and rank-rank association for the two cohorts, we can conclude that educational attainment, especially the KS4 results and degree attainment, are important drivers of intergenerational income mobility in the country. It is also worth to be noted that earnings at ages 30 and 32 are still too early to be affected by degree attainment. Previous studies have found that, as the cohort member grows older, a university degree would play an increasingly important role in driving mobility.

A.3. Mediation analysis using two-year average parental income

As we have discussed in Section and Appendix A.1, the variance in parental income at ages 14 and 15, especially at age 14, in the Next Steps is considerably higher than that in the external dataset. Thus, in this appendix section, we estimate the IGE and rank-rank association using average parental income at ages 16 and 17.

Table A15 presents the results of the IGE, rank-rank association, and relationships with mediating variables using the two-year average of parental income. With the exception of the GHQ-12 score and the number of A levels, the associations between parental income and all other selected factors are statistically significant at the 5% level. Consistent with the results based on four-year average parental income, the degree attainment and GCSE result play an important role in explaining intergenerational income persistence and early skills are likely to affect earnings through later educational attainment. Focusing on the decomposition of income persistence, we find that early skills and education together account for around 40% of both the IGE and the rank-rank coefficient, while approximately 54% is explained by the direct association with parental income (see the final specification in Table A16). These estimates are very similar to those obtained using four-year average parental income. Overall, although the variance in parental income is relatively high at ages 14 and 15, it has only a limited impact on the estimated IGE, the rank-rank association, and their decompositions.

Table A15. Intergenerational income elasticity (IGE), rank-rank association, and relationships between mediating variables for Next Steps

	Conditional earnings regressions				Conditional earnings regressions			
		IGE				rank-rank association		
	Parental income bivariate	1	2	3	Parental income bivariate	1	2	3
Av. parent income		0.171*** (0.025)	0.140*** (0.025)	0.129*** (0.024)		0.218*** (0.034)	0.182*** (0.033)	0.166*** (0.032)
Maths at 10 / KS2	0.329*** (0.066)	0.106*** (0.018)	0.065*** (0.019)	0.067*** (0.018)	0.007*** (0.001)	6.423*** (1.137)	3.894*** (1.166)	4.053*** (1.129)
Reading at 10 / KS2	0.449*** (0.066)	0.023 (0.019)	-0.022 (0.019)	-0.033* (0.019)	0.009*** (0.001)	1.873 (1.147)	-0.858 (1.173)	-1.501 (1.139)
Application at 10/Academic self-concept	0.146** (0.069)	0.047*** (0.015)	0.024 (0.015)	0.013 (0.015)	0.004*** (0.001)	2.262** (0.937)	0.894 (0.927)	0.257 (0.916)
Anxious at 10 / GHQ-12 score	-0.016 (0.159)	0.005 (0.007)	0.005 (0.007)	0.004 (0.007)	0.000 (0.003)	0.117 (0.440)	0.166 (0.428)	0.092 (0.426)
Number of GCSEs	2.268*** (0.264)		0.031*** (0.005)	0.023*** (0.005)	0.046*** (0.005)		1.885*** (0.299)	1.409*** (0.318)
Number of A-levels	0.064 (0.048)			-0.021 (0.035)	0.002 (0.001)			-0.914 (0.692)
Degree	0.202*** (0.028)			0.169*** (0.034)	0.004*** (0.001)			10.130*** (2.083)
R^2	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346
N		0.205	0.240	0.263		0.209	0.244	0.267

Notes: Estimated using two-year average parental income. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: University College London (2026, 2025).

Table A16. Decomposition of intergenerational income elasticity (IGE) and rank-rank association for Next Steps gross income

	Decomposition IGE			Decomposition rank-rank association		
	1	2	3	1	2	3
Direct Av. parent income	0.171	0.140	0.129	0.218	0.182	0.166
Total through education	0.052	0.085	0.095	0.067	0.108	0.124
Total through missings	0.015	0.013	0.014	0.025	0.020	0.020
Total intergen elasticity	0.238	0.238	0.238	0.310	0.310	0.310
Maths at 10 / KS2	0.035	0.021	0.022	0.042	0.026	0.027
Reading at 10 / KS2	0.010	-0.010	-0.015	0.016	-0.008	-0.013
Application at 10/ Academic self-concept	0.007	0.003	0.002	0.009	0.003	0.001
Anxious at 10 / GHQ-12 score	0.000	0.000	0.000	0.000	0.000	0.000
Total through early skills	0.052	0.014	0.009	0.067	0.021	0.015
Number of GCSEs		0.071	0.052		0.087	0.065
Total through compulsory		0.071	0.052		0.087	0.065
Number of A-levels			-0.001			-0.001
Degree			0.034			0.045
Total through post-16			0.034			0.044
<i>N</i>	1,346	1,346	1,346	1,346	1,346	1,346

Notes: Estimated using two-year average parental income. Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: University College London (2026, 2025).