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Consumer Finance Institute

Labor, Income, Finances, and Expectations (LIFE) Survey

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Buying a Home Is Viewed as the Best Wealth-Building Tool but Less So Among Young Adults

by Amber Lee*

If you came into a financial windfall, what would you do with it? Whether from an inheritance, a gift, a work bonus, an insurance payout, or some other source, a sudden influx of money can help you make progress toward your financial goals. Beyond covering immediate needs, a financial windfall offers an opportunity to build wealth and advance long-term financial goals.

People approach this opportunity differently. Some may invest the money in the stock market to take advantage of its growth potential. Others may pursue homeownership, using the money for a down payment or to cover closing costs. Still others may use it to jumpstart or boost their retirement savings, and others may prefer holding it in an interest-bearing savings account. When asked about how to use a windfall to build future wealth, people's answers can reveal their financial goals and what they believe are the best ways to achieve them.

To understand how Americans view the most effective ways to build wealth, the Consumer Finance Institute (CFI) at the Philadelphia Fed surveyed a national sample of about 5,000 adults in January 2026 as part of its quarterly Labor, Income, Finances, and Expectations (LIFE) Survey.[1] Respondents were asked how they would advise someone to use a financial windfall to build future wealth. Across the full sample, pursuing homeownership (i.e., using the money toward a home purchase) ranked first, with the highest share of respondents recommending it as their first-choice wealth-building tool. However, answers significantly varied by respondent age. While pursuing homeownership was the

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[1] The LIFE Survey is conducted quarterly to collect data from a newly drawn online sample of American adults on a variety of topics related to personal finance, including earning, spending, saving, and investing, as well as financial health, consumer sentiment, and economic outlook. Each sample is weighted to match the U.S. adult population on key demographics such as age, gender, race and ethnicity, education level, and census region. **Table A1** in the Appendix provides the demographic characteristics of the January 2026 sample. For more information about the LIFE Survey and its content and methodology, visit: www.philadelphiafed.org/surveys-and-data/consumer-finance-data/life-survey.

most popular first choice overall, this was primarily driven by respondents aged 30 and older. For younger adults (those under 30), investing in stock index funds was the most popular first choice instead, while pursuing homeownership fell to fourth place. Similar patterns of age differences in selecting homeownership versus stock index funds were observed when examining respondents' top three choices.

This report takes a closer look at these age differences in wealth-building preferences. The discussion focuses in particular on how younger adults view homeownership (which has historically been considered the key to wealth creation[2]) as a relatively less attractive wealth-building tool than older adults do. While this report does not aim to identify what drives these age differences, the finding that such differences exist is valuable in itself, as it has implications for future housing demand and generational shifts in resource allocation between housing and nonhousing financial assets.

Best Tools for Building Future Wealth

In the survey, respondents were presented with a scenario in which a 30-year-old[3] has inherited a sum of money ($25,000) and is seeking advice on how to use it to build future wealth.[4] Respondents were asked what they would advise this person to do. This scenario-based approach uses third-person framing (i.e., asking what they would recommend to another person, rather than what they would do themselves) to elicit opinions on effective wealth-building tools in general while reducing anchoring to their current life stage or own specific circumstances. Respondents were shown a list of wealth-building

[2] Hannah Jones and Danielle Hale, "Homeownership Accelerates Generational Wealth," realtor.com, March 12, 2026, www.realtor.com/research/2026-generational-wealth/.

[3] A 30-year-old was chosen because many Americans begin the journey of building long-term wealth around this age. On average, it is between their late 20s and late 30s when they start saving for retirement, make their first investment in the stock market, and purchase their first home (Source: Gabrielle Olya, "Boomers Have $472K in Investments — Nearly Double the US Average, Study Finds," *Yahoo Finance*, November 23, 2025, sg.finance.yahoo.com/news/boomers-472k-investments-nearly-double-110904471.html; Eric C. Peck, "Median Age of First-Time Homebuyers Falls To 35," *National Mortgage Professional*, February 27, 2026, nationalmortgageprofessional.com/news/median-age-first-time-homebuyers-falls-35; Ana Teresa Solá, "27 Is the 'Ideal' Age to Start Saving for Retirement, Survey-Takers Say — But CFPs Suggest Even Earlier," CNBC, August 16, 2025, www.cnbc.com/2025/08/16/age-to-start-saving-for-retirement.html).

[4] While an arbitrary amount, $25,000 represents a sum large enough to be meaningful yet not unrealistic. For reference, the *2019 Survey of Consumer Finances* reported that the average inheritance across all U.S. households was $46,200, but this figure is highly skewed by wealthy households: The top 1 percent by income received an average inheritance of $719,000, and the next 9 percent received $174,200. Outside the top 10 percent, average inheritances drop sharply: $45,900 for the next 40 percent and $9,700 for the bottom 50 percent of households (source: Jesse Bricker et al., "Wealth and Income Concentration in the SCF: 1989–2019," *FEDS Notes*, September 28, 2020, doi.org/10.17016/2380-7172.2795).

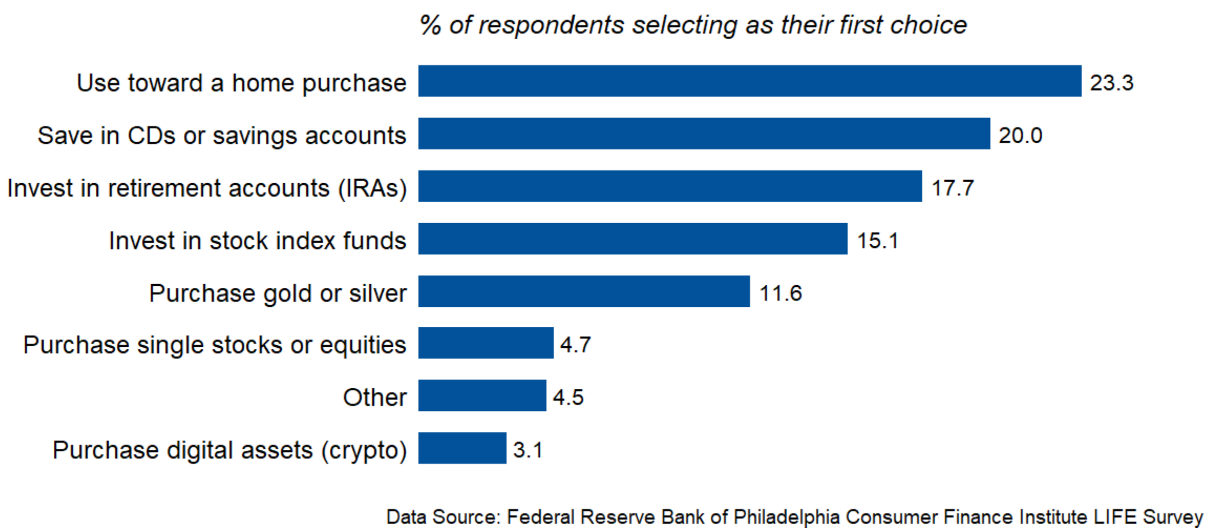
tools commonly mentioned in public discourse[5] and asked to select *up to three* options and rank them as their first, second, and third choices.

In what follows, we first examine what respondents listed as their first choice (*first-choice selections*) and then what they included among their top three choices (*top three selections*).

First-Choice Selections

Figure 1 shows that across the full sample, *pursuing homeownership* (i.e., using the money toward a home purchase) ranked first, receiving the highest share of respondents' first-choice selections (23.3 percent). Other popular first-choice selections included *saving in interest-bearing accounts such as CDs or high-yield savings accounts (HYSAs)* (20.0 percent), followed by *investing in retirement-specific accounts such as IRAs* (17.7 percent) and *investing in stocks index funds* (15.1 percent). The option with the fewest first-choice selections was *purchasing digital assets such as cryptocurrencies* (3.1 percent).

Figure 1. Distribution of First-Choice Wealth-Building Tools: Full Sample[6]



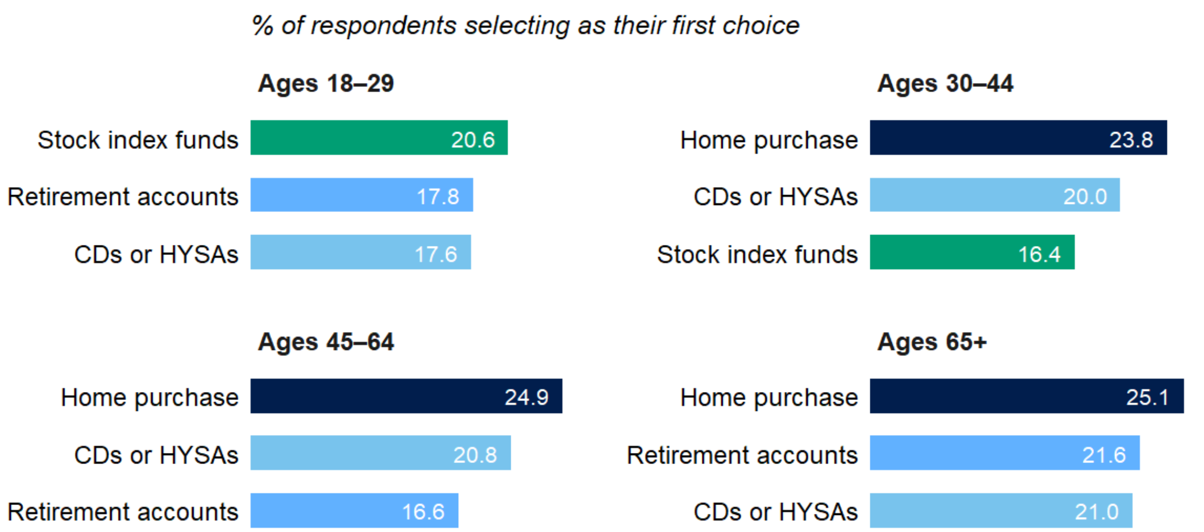
[5] For example, see: *Building Wealth: A Beginner's Guide to Securing Your Financial Future*, Federal Reserve Bank of Dallas, 2022, www.dallasfed.org/~/media/documents/cd/wealth/BuildingWealth.pdf; "Five Steps to Building Generational Wealth," California Department of Financial Protection and Innovation (DFPI), dfpi.ca.gov/news/insights/five-steps-to-building-generational-wealth/; "What to Invest in," Fidelity, 2026, www.fidelity.com/learning-center/smart-money/what-to-invest-in; "Build Down Payment Funds with Financial Windfalls," HAR.com, Houston Association of Realtors, www.har.com/ri/1189/build-down-payment-funds-with-financial-windfalls; "What to Do with a Windfall," Northwestern Mutual, 2023, www.northwesternmutual.com/life-and-money/what-to-do-with-a-windfall/.

[6] Note that there are two options related to stock investment (investing in stock index funds versus individual stocks or equities). We keep them separate because they are two fundamentally distinct investment strategies with different diversification profiles and risk levels.

When examining these patterns across age groups, there is a clear difference between the youngest respondents (ages 18–29) and older cohorts. **Figure 2** shows the three most popular first-choice selections within each age group. The full distribution of first-choice selections for each age group is provided in **Figure A1** in the Appendix.

Among respondents over age 30, *pursuing homeownership* (shown in dark navy) ranks first, selected as the first choice by 23.8 percent of ages 30–44, 24.9 percent of ages 45–64, and 25.1 percent of ages 65 and older. By contrast, among respondents under age 30 (ages 18–29), the share selecting homeownership as their first choice is significantly lower at 17.6 percent, placing it fourth. For this youngest age group, *investing in stock index funds* (shown in green) ranks first with 20.6 percent. This option is significantly less popular as the first choice among older respondents, falling to third (among ages 30–44) or fifth place (among ages 45–64 and 65+).[7]

Figure 2. Most Popular First-Choice Wealth-Building Tools: By Age Group



Data Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

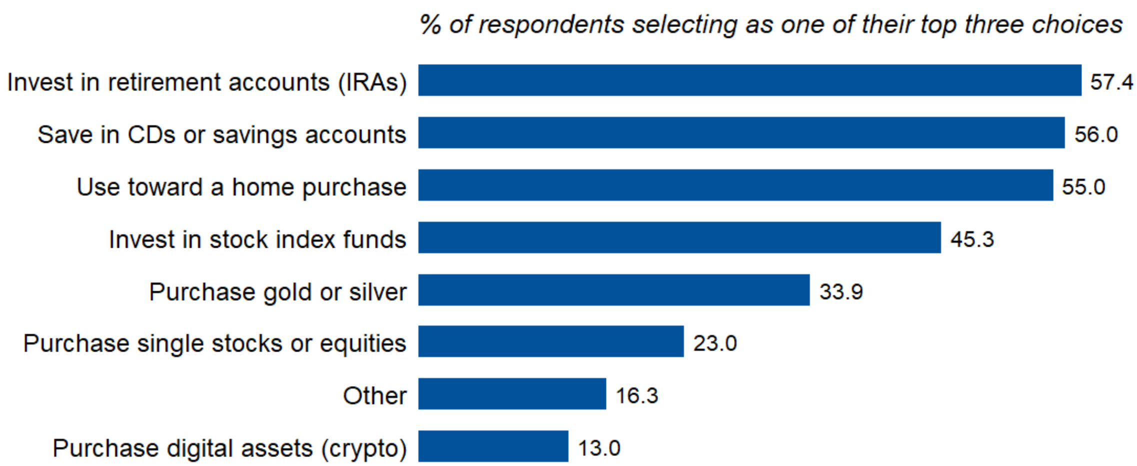
[7] All pairwise comparisons confirm statistically significant differences between the 18–29 age group and each older group (30–44, 45–64, 65+) in the shares selecting (1) *pursuing homeownership* and (2) *investment in stock index funds* as their first-choice strategies.

Top Three Selections

We next turn to what respondents listed as their first, second, and third choices combined. While first-choice selections reveal top priorities, top three selections capture a fuller range of wealth-building preferences, i.e., which tools respondents view as worth pursuing even if not always their first choice.

As shown in **Figure 3**, more than half of respondents included *investing in retirement accounts* (57.4 percent), *saving in CDs/HYSAs* (56.0 percent), and *using toward homeownership* (55.0 percent) among their top three choices. The rankings based on top three selections largely mirror those based on first-choice selections (**Figure 1**), with a slight shift at the top: Retirement accounts and homeownership switch places between first and third, while CDs/HYSAs remain in second. All other items retain the same rank order as in the first-choice results.

Figure 3. Distribution of Top Three Wealth-Building Tools: Full Sample



Data Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

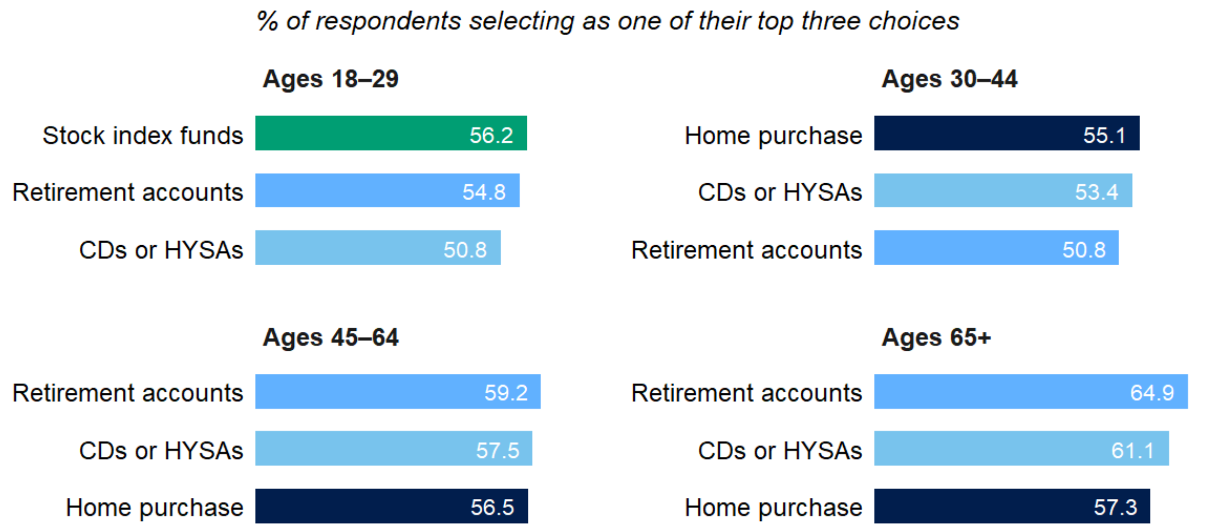
Similar age differences appear when comparing top three selections across age groups. **Figure 4** shows the three most popular wealth-building tools by share of top three selections within each age group. See **Figure A2** in the Appendix for the full distribution by age.

Among respondents over age 30, the same three options dominated: investing in retirement accounts, saving in CDs/HYSAs, and pursuing homeownership. For those aged 45–64 and 65 and older, retirement accounts led (selected by 59.2 and 64.9 percent, respectively), followed by CDs/HYSAs (57.5 and 61.1 percent, respectively) and homeownership (56.5 and 57.3 percent, respectively). Among those aged 30–44, homeownership moved into first place (55.1 percent), followed by CDs/HYSAs (53.4 percent) and retirement accounts (50.8 percent).

The youngest age group (ages 18–29) diverges from this pattern. While retirement accounts (54.8 percent) and CDs/HYSAs (50.8 percent) also ranked high, investing in stock index funds received the highest share of top three selections (56.2 percent). Pursuing homeownership fell to fourth place (49.6 percent).[8]

As with first-choice selections, respondents under age 30 are the only age group to rank investing in stock index funds *first and above* pursuing homeownership as their preferred wealth-building tool.

Figure 4. Most Popular Top Three Wealth-Building Tools: By Age Group



Data Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

Can these age differences in preferences for pursuing homeownership versus investing in stock index funds as wealth-building tools be explained by other demographic characteristics? **Table A2** in the Appendix presents regression results confirming that the differences between the youngest respondents (ages 18–29) and the older age groups remain statistically significant for both first-choice and top three selections after controlling for a variety of respondent characteristics, including gender, education, income, race/ethnicity, marital status, region of residence, urban/rural classification, and

[8] For both pursuing homeownership and investing in stock index funds, pairwise comparisons confirm statistically significant differences between the 18–29 age group and each older group (30–44, 45–64, 65+) in the shares including each strategy in their top three choices.

financial literacy. Importantly, these age differences persist even after accounting for current housing tenure and stock ownership status, suggesting that they reflect more than mere compositional differences in housing status or stock holdings across age groups.

Discussion

This report examined Americans' views on wealth-building tools, using a survey scenario asking respondents for advice on how a 30-year-old should use a financial windfall to build future wealth. Across the full sample, pursuing homeownership (i.e., using the money toward a home purchase) was selected most frequently as respondents' first choice. It also ranked among the most popular options in respondents' top three choices, along with investing in retirement-specific accounts such as IRAs and saving in interest-bearing accounts such as CDs or HYSAs.

However, the analysis revealed clear age differences in wealth-building preferences. Among respondents ages 30 and older, pursuing homeownership consistently ranked at the top, both as a first choice and among top three choices. By contrast, among those under age 30, pursuing homeownership ranked noticeably lower, while investing in stock index funds topped both the first-choice and top three selections. These differences between ages 18–29 and older cohorts persist even after accounting for demographic characteristics and potential confounders, including housing tenure and stock ownership status.

It is beyond the scope of this report to uncover what drives these age differences. That said, it is worth mentioning several factors that may be relevant to why pursuing homeownership is favored less as a wealth-building tool by younger adults than by older adults.

One likely factor is home affordability. Younger adults may perceive homeownership as less attainable in the current economic environment, finding other financial tools more practical to pursue. In recent years, rising home prices, coupled with higher interest rates and increasing property taxes and insurance costs, have made homeownership harder to attain.[9] Consistent with these challenges, the share of first-time homebuyers (who tend to be predominantly younger adults) fell to a record low of 21

[9] Nicole Friedman and Alana Pipe, "See How Owning a Home Is Getting More Expensive in Every Way," *The Wall Street Journal,* June 20, 2026, www.wsj.com/economy/housing/home-ownership-costs-charts-7fe04eb3.

percent in 2025.[10] Moreover, an increasing share of younger renters now report that they do not plan to purchase a home in the near future.[11] Given these barriers, affordability issues may be pushing younger adults toward alternative wealth-building tools, such as stock index funds, which require lower upfront and ongoing capital and offer high returns and greater liquidity.[12]

Beyond affordability concerns, there may also be shifts in how younger adults view the investment value of buying a home itself. Changing lifestyle preferences, including desires for greater flexibility and geographical mobility, may influence opinions about the desirability of homeownership. Some recent surveys find that younger adults are more likely than older adults to embrace renting as a long-term lifestyle choice.[13] Additionally, young adults are delaying traditional life milestones such as marriage and having children.[14] Since these life events have traditionally motivated home purchases, such delayed household formation may make pursuing homeownership less central to younger adults' current wealth-building priorities.

More data are needed to determine what contributes to the observed age differences in preferences for wealth-building tools. Regardless of the underlying factors, however, the finding that systematic differences exist in how younger and older Americans prefer wealth-building tools is important in itself and warrants further investigation and monitoring to assess long-term trends and potential implications for household resource allocation.

[10] Daniel de Visé, "First-Time Home Buyers Are a Vanishing Breed," *USA Today*, July 3, 2026, www.usatoday.com/story/money/personalfinance/2026/07/03/home-prices-mortgage-rates-first-time-buyers-millennials/90773681007/. See also Jung Hyun Choi, Laurie Goodman, and Jun Zhu, *Homeownership Among Young Adults Has Fallen, and It's Worse Than You Think*, Urban Institute, 2026, www.urban.org/urban-wire/homeownership-among-young-adults-has-fallen-and-its-worse-you-think.

[11] Tom Akana, Matthew Drayton, and Lauren Lambie-Hanson, *Recent Trends in Renter Financial Security and Homebuying Intentions*, Federal Reserve Bank of Philadelphia, 2026, www.philadelphiafed.org/consumer-finance/recent-trends-in-renter-financial-security-and-homebuying-intentions

[12] This view may be reinforced by financial influences on social media ("finfluencers") who serve as an increasingly popular source of financial advice for young Americans (source: Tom Akana, Amber Lee, and Larry Santucci, *How Americans Use Social Media for Financial Advice*, Federal Reserve Bank of Philadelphia, 2025, www.philadelphiafed.org/consumer-finance/how-americans-use-social-media-for-financial-advice). Finfluencers often frame stock investing as a more compelling wealth-building tool than homeownership. As their argument goes, homeownership requires substantial upfront capital (such as a down payment) and ongoing maintenance costs and recurring expenses, which erode overall returns, whereas investing the same money in the stock market can potentially yield higher returns (see, for example, Laura Grace Tarpley, "Financial Influencer Warns Homeowners About This Mistake," *TheStreet*, March 21, 2026, www.thestreet.com/real-estate/financial-influencer-ramit-sethi-warns-homeowners-about-mistake).

[13] Giulia Carbonaro, "Gen Z Is Renting, Not Buying — Here's What It Means for the Country's Future," *Newsweek*, September 1, 2025, www.newsweek.com/gen-z-renting-not-buying-what-means-country-future-2120726; Venessa Wong, "Gen Z-ers Share How They're Achieving Financial Freedom — and the Old Ideas They're Leaving Behind," *MarketWatch*, July 10, 2026, www.marketwatch.com/story/ gen-z-ers-share-how-theyre-achieving-financial-freedom-and-the-old-ideas-theyre-leaving-behind-c36c5980. See also Entrata's "Gen Z on the Lease: A Multifamily Survey" and Rently's "2026 Renting by Generation Report."

[14] U.S. Census Bureau, "Significant Drop in Share of Young Adults Achieving Four Milestones: Moving Out of Parental Home, Marriage, Work and Having Kids," census.gov, 2025, www.census.gov/library/stories/2025/08/milestones-to-adulthood.html.

Appendix

Table A1. Demographic Characteristics of the Survey Sample

	(%)
Age	
18–29 years old	18.9
30–44 years old	26.7
45–64 years old	31.0
65+ years old	23.3
Gender	
Male	49.0
Female	51.0
Race	
White	59.9
Black	12.0
Hispanic	17.7
Other	10.4
Education	
High school or less	37.2
Some college	28.7
Bachelor's or higher	34.1
Income	
Under $40,000	45.6
$40,000–$99,999	31.9
$100,000 and above	12.5
NA	10.0
Region	
Midwest	20.1
Northeast	17.0
South	39.2
West	23.7

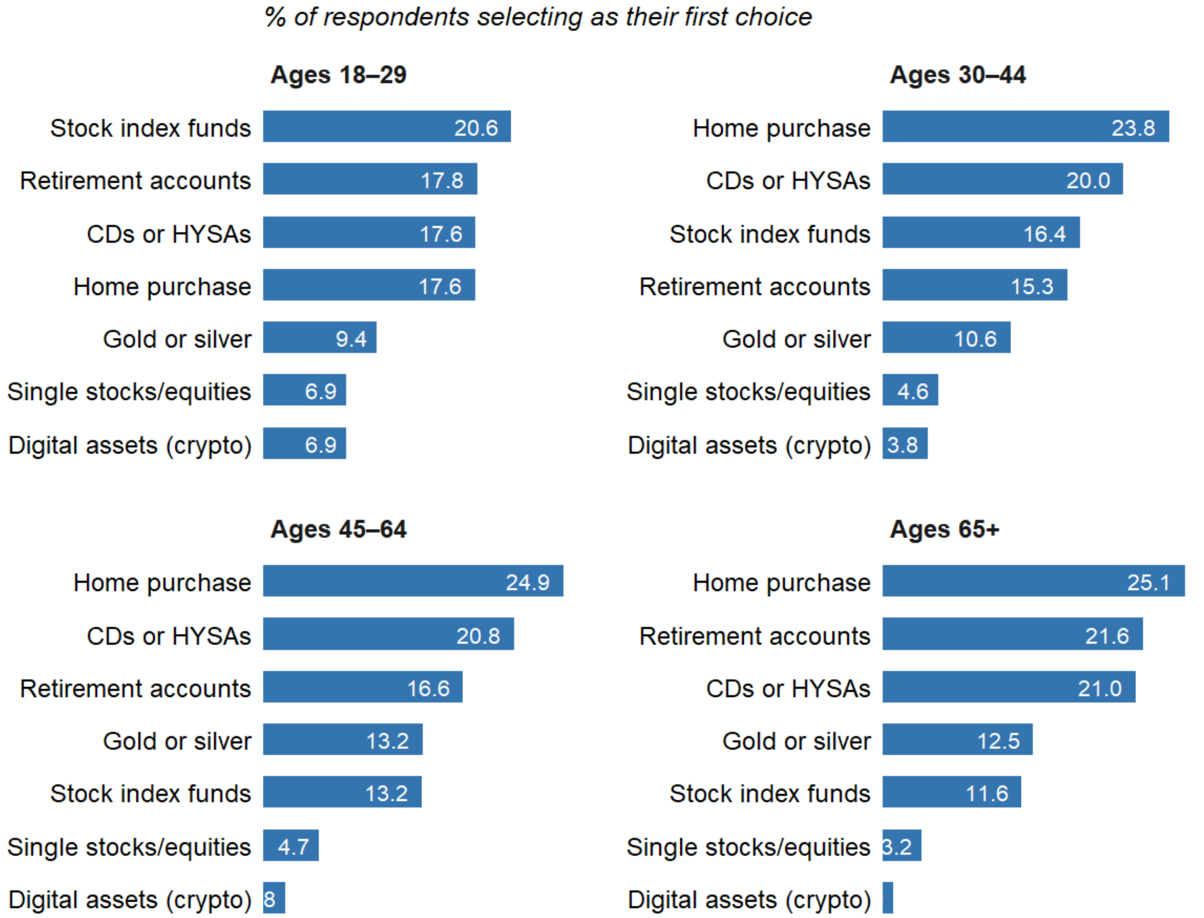
Data source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

Table A2. Age Differences in Selecting Homeownership vs. Index Funds as a Wealth-Building Tool

	Use Toward Home Purchase		*Invest in Stock Index Funds*	
	As First Choice	Among Top Three Choices	As First Choice	Among Top Three Choices
	(1)	(2)	(3)	(4)
Age (*ref*=18–29 years old)				
30–44 years old	0.069*** (0.020)	0.067** (0.024)	-0.064*** (0.019)	-0.104*** (0.023)
45–64 years old	0.082*** (0.020)	0.075** (0.024)	-0.104*** (0.018)	-0.182*** (0.023)
65+ years old	0.074*** (0.021)	0.072** (0.026)	-0.119*** (0.019)	-0.202*** (0.024)
Male (vs. female)	-0.058*** (0.013)	-0.098*** (0.015)	0.042*** (0.011)	0.062*** (0.014)
Race/Ethnicity (*ref*=White)				
Black	-0.043* (0.020)	-0.099*** (0.024)	0.010 (0.017)	0.026 (0.023)
Hispanic	-0.013 (0.018)	-0.030 (0.022)	-0.015 (0.015)	-0.003 (0.020)
Other race	-0.037 (0.020)	-0.085*** (0.025)	-0.026 (0.018)	0.009 (0.024)
Education (*ref*=HS or less)				
Some college	-0.005 (0.016)	-0.008 (0.019)	0.011 (0.012)	0.048** (0.018)
Bachelor's or higher	-0.013 (0.017)	0.016 (0.020)	0.040** (0.014)	0.060** (0.019)
Income (*ref*=under $40,000)				
$40,000–$99,999	0.006 (0.015)	0.040* (0.018)	0.014 (0.013)	0.042* (0.017)
$100,000 and above	0.020 (0.022)	0.025 (0.027)	0.062** (0.021)	0.103*** (0.025)
Region (*ref*=Midwest)				
Northeast	-0.050* (0.020)	-0.057* (0.024)	0.019 (0.017)	0.025 (0.022)
South	-0.012 (0.017)	-0.026 (0.020)	0.023 (0.014)	0.026 (0.019)
West	0.011 (0.020)	-0.007 (0.022)	0.022 (0.016)	0.018 (0.021)
Housing tenure (*ref*=renters)				
Homeowners	0.013 (0.016)	0.008 (0.019)	0.005 (0.013)	-0.011 (0.017)
Other	0.002 (0.021)	0.005 (0.025)	-0.026 (0.017)	0.018 (0.023)
Stock owners (vs. nonowners)	-0.085*** (0.015)	-0.096*** (0.018)	0.110*** (0.013)	0.232*** (0.017)
Urbanicity (*ref*=urban)				
Suburban	-0.010 (0.017)	-0.026 (0.019)	0.018 (0.013)	0.056** (0.018)
Rural	-0.013 (0.019)	-0.029 (0.022)	0.023 (0.015)	0.034 (0.020)
Currently married (vs. not	0.009 (0.015)	0.005 (0.017)	-0.016 (0.012)	-0.017 (0.016)
Financial literacy (0–3)	0.002 (0.007)	0.007 (0.008)	0.033*** (0.006)	0.065*** (0.008)
Constant	0.256*** (0.029)	0.607*** (0.034)	0.052* (0.024)	0.231*** (0.032)
Observations	4,579	4,579	4,579	4,579

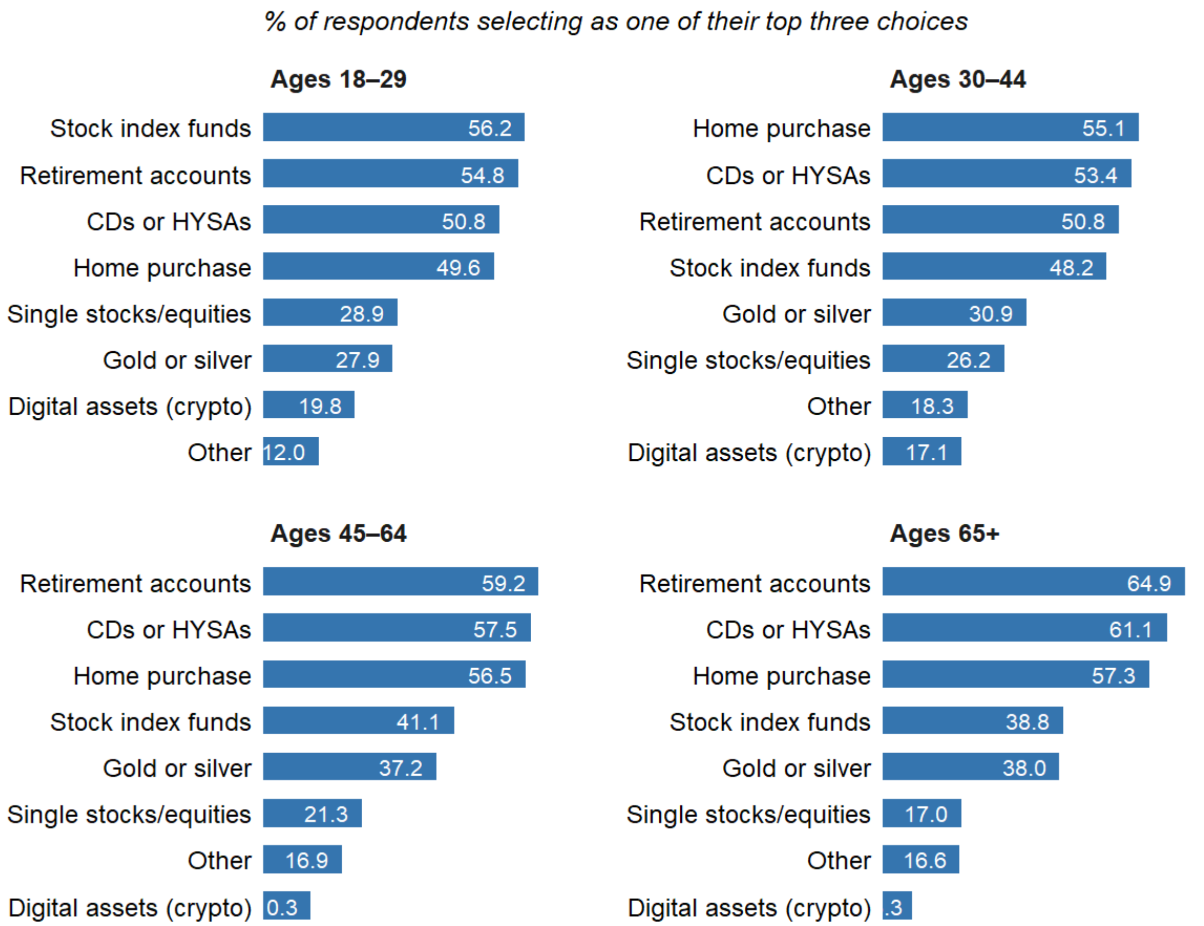
Note: Results from linear probability models with a binary outcome coded as 1 if the strategy is selected and 0 otherwise. For age dummy variables (shown in shaded cells), the youngest age group (ages 18–29) serves as the reference category, and coefficients represent the difference in probability (on a 0–1 scale) of selecting the strategy relative to the youngest group, holding all other variables constant. Excludes respondents with missing data on income; including them as their own category does not affect the results. * p<0.05, ** p<0.01, *** p<0.001.
Data: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

Figure A1. Distribution of First-Choice Wealth-Building Tools: By Age Group



Data Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey

Figure A2. Distribution of Top Three Wealth-Building Tools: By Age Group



Data Source: Federal Reserve Bank of Philadelphia Consumer Finance Institute LIFE Survey