

# Do people plan to leave bequests? Do they have wills?

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**MarketWatch Blog** by Alicia H. Munnell



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*Sometimes just looking at data is pretty interesting!*

Like everyone, I have been thinking about the Black/white wealth gap. Yes, the gap **is greatly reduced** once Social Security wealth is included in the calculation. But Social Security comes late in life, which means that young Black families have much less to provide for themselves and their children. Then the question arises as to how this gap evolved – how much is due to saving and asset returns and how much to inheritances. Just as I was thinking about inheritances, this somewhat eccentric man called absolutely fixated on inheritances and wills.

So my colleague **Gal Wettstein** agreed to take a look at responses regarding wills and bequests in the *Health and Retirement Study* (HRS), a longitudinal survey of people over age 50 conducted every two years since 1992. New cohorts are added every six years, so the survey now includes 26,500 households.

Let's look first at wills. Table 1 shows the percentage of households with a will for the whole 50+ population and for those ages 70 + for both the full sample and by the household's position in the wealth distribution. (The

reported figure is the average over all the waves of the survey, with the response taken from the last wave a household is observed.) The percentages with a will are lower than I had expected. Only 67 percent of those 70+ have a will, and for the group 50+ the share drops to 49 percent. Not surprisingly, the percentage is much higher for wealthier households.

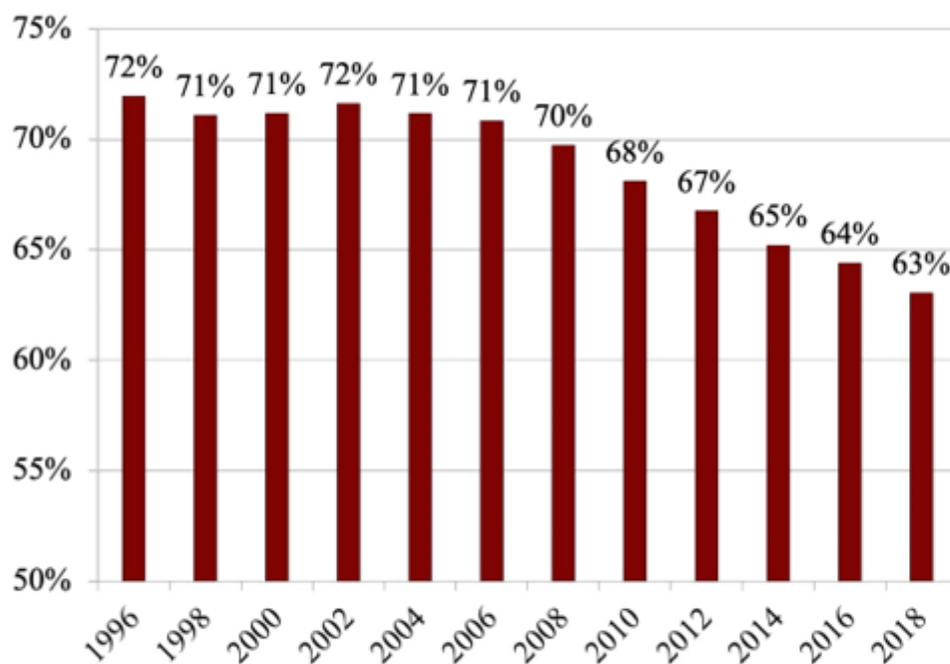
**Table 1. Percentage of HRS Households in which the Head Has a Will, Ages 70+ and 50+**

| Sample                  | Ages 70+ | Ages 50+ |
|-------------------------|----------|----------|
| Full                    | 67%      | 49%      |
| Richest quarter         | 87       | 70       |
| 3 <sup>rd</sup> quarter | 74       | 53       |
| 2 <sup>nd</sup> quarter | 58       | 38       |
| Poorest quarter         | 36       | 22       |

*Source:* Center for Retirement Research calculations from the University of Michigan’s *Health and Retirement Study* (1996-2018).

Figure 1 shows that the percentage of households ages 70+ with a will has declined over time, from 72 percent in an early wave of the HRS to 63 percent in the most recent. For the population 50+ (not shown), the decline was similar – from 60 percent to 44 percent.

Figure 1. *Percentage of Households Ages 70+ in which the Head has a Will by HRS Wave*



Source: Center for Retirement Research calculations from the University of Michigan's *Health and Retirement Study* (1996-2018).

Since the Black/white wealth gap was part of the motivation for looking at these data, Table 2 presents the percentage – by race/ethnicity – having a will and the probability of leaving any bequest. The results show that white households are much more likely than other households to have a will and to be planning to leave a bequest. These results indicate that any existing inequality is likely to increase over time.

**Table 2. Percentage of Households Ages 50+ in which the Head has a Will and the Head's Probability of Leaving a Bequest**

| Characteristic                 | Race/ethnicity |       |           |
|--------------------------------|----------------|-------|-----------|
|                                | White          | Black | All other |
| Has a will                     | 59%            | 21%   | 21%       |
| Probability of leaving bequest | 77             | 49    | 51        |

*Source:* Center for Retirement Research calculations from the University of Michigan's *Health and Retirement Study* (1996-2018).

One final note. Not surprisingly, the correlation between having a will and planning to leave a bequest is strong. The relationship most likely moves from the plan to the will. But maybe, even though many minority households may not have much assets to bequeath, encouraging people to have wills could make more think about leaving a bequest. The value of having a will in place is that it ensures that any assets that are left behind end up going to the right people.

And it turns out that August is "make a will month."