CENTER for RETIREMENT RESEARCH at BOSTON COLLEGE

WILLS, WEALTH, AND RACE

Jean-Pierre Aubry, Alicia H. Munnell, and Gal Wettstein

CRR WP 2023-10
August 2023

Center for Retirement Research at Boston College
Haley House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
Tel: 617-552-1762 Fax: 617-552-0191
https://crr.bc.edu

All of the authors are with the Center for Retirement Research at Boston College (CRR). Jean-Pierre Aubry is associate director of state and local research. Alicia H. Munnell is director of the CRR and the Peter F. Drucker Professor of Management Sciences at Boston College's Carroll School of Management. Gal Wettstein is a senior research economist. This research was supported by funding from Wells Fargo Bank N.A. Any opinions expressed herein are those of the authors and do not necessarily represent the views of Wells Fargo Bank N.A. or Boston College. The authors thank Oliver Shih for excellent research assistance and participants of the Spring 2023 Pension Research Council Symposium for helpful comments.

About the Center for Retirement Research

The mission of the Center for Retirement Research at Boston College is to produce first-class research and educational tools and forge a strong link between the academic community and decision-makers in the public and private sectors around an issue of critical importance to the nation's future. To achieve this mission, the Center conducts a wide variety of research projects, transmits new findings to a broad audience, trains new scholars, and broadens access to valuable data sources. Since its inception in 1998, the Center has established a reputation as an authoritative source of information on all major aspects of the retirement income debate.

Center for Retirement Research at Boston College
Haley House
140 Commonwealth Avenue
Chestnut Hill, MA 02467
phone: 617-552-1762 Fax: 617-552-0191
https://crr.bc.edu

Affiliated Institutions:
The Brookings Institution
Mathematica – Center for Studying Disability Policy
Syracuse University
Urban Institute

Abstract

Inheritances make up a substantial share of national wealth, but are often overlooked in discussions of retirement security. Racial gaps in inheritances are likely to exacerbate racial disparities in wealth. One reason that Black and Hispanic decedents are less likely to pass down meaningful estates is that they are far less likely to have a will than non-Hispanic Whites. This paper documents racial gaps in receiving an inheritance, in the likelihood of having a will, and in the expectation of leaving significant bequests. The analysis then looks at the relationship between bequest expectations and realized bequests to see whether expectations are a good predictor of real outcomes. The results show that Black and Hispanic decedents and those who die without a will are less likely to achieve their bequest expectations. This paper is the first of a three-part series. The second part will be a survey to see if a plausible intervention might increase the adoption of wills, whether writing of a will increases intended bequests, and, in conjunction with the estimates of this paper, whether wills would likely increase realized bequests. The third part of the project will examine the impact of will incentives on racial wealth gaps when compounded across multiple generations.

Introduction

Retirement security depends on several factors – primarily Social Security; employer-sponsored plans; the accumulation of home equity; and the ability to work longer, which allows workers to postpone drawing down retirement assets. Differences by race are evident along all of these dimensions. Black workers are less likely than White workers to be covered by an employer-sponsored plan, to own a home, and to have the good health and type of job that enables them to work well into their 60s.[1] Social Security, on the other hand, is the great equalizer – replacing a much higher share of preretirement earnings for lower-wage workers.[2]

Usually omitted from the list of factors affecting retirement security is the role of inheritances, which is the focus of this paper. The difference between inheriting some wealth compared to relying solely on current income is huge. Wealth provides a buffer that allows families to withstand emergencies and enables people to select risker but higher compensation jobs and investments. It provides families with the resources for a down payment on a house in an area with good schools, thereby improving the prospects for their families. It also directly provides some additional assets in retirement.

This paper uses the *Health and Retirement Study* (HRS) to document how the likelihood of receiving an inheritance, the plan to leave a bequest, having a will, and actual bequests vary by race and how the four are interrelated. That is, to what extent does receiving an inheritance increase the likelihood of planning to leave a bequest and to have a will, and to what extent does having a will relate the realization of bequest expectations? Specifically, the analysis uses the HRS exit interviews of proxy informants for HRS participants who have died to explore whether the existence of a will affects the extent to which bequest intensions are actually realized.

This analysis will serve as background to a larger initiative to determine whether it is possible to increase bequests through an intervention that promotes will-writing and how the effects of changing behavior might compound across generations. In the first instance, we will use a survey instrument to answer the following questions: (1) Can a plausible intervention increase the adoption of wills? (2) Does the writing of a will increase intended bequests? and (3)

---

[1] For more details on racial gaps in retirement wealth, see Thompson et al. (2024 forthcoming), Dynan and Elmendorf (2024 forthcoming) and Wolff (2024 forthcoming). For prior research on employer plan coverage, see Munnell et al. (2018). For homeownership, see Kermani and Wong (2024 forthcoming) and Liu and Quinby (2023). For ability to work longer, see Quinby and Wettstein (2023).

[2] See Catherine and Sarin (2024 forthcoming) and Hou and Sanzenbacher (2020).

In combination with results from this paper, do increases in intended bequests actually translate into more prevalent and larger realized bequests?[3]

While this paper and the survey focus on only a single generation of transfers, differences in inheritances, wills, and bequests tend to accumulate over time and contribute to disparities that grow across multiple generations. Reducing racial bequest gaps could have long-term implications on the lifetime asset accumulations of subsequent generations and may, in turn, reduce the racial wealth gap. A subsequent paper will estimate these potential long-term impacts.

In the meantime, the discussion for this paper proceeds as follows. The next section presents background on what is known about the transfer of wealth from one generation – and how those transfers vary by race. The third section details why having a will is important. The fourth section describes the data and methods of the analysis. The fifth section summarizes the factors affecting the likelihood of receiving an inheritance, the plan to leave a bequest of at least $10,000, $100,000, and $500,000, and the presence of a will. The sixth section turns to the results that relate bequest expectations to realized bequests to see whether expectations are a good predictor of real outcomes and how that relationship is affected by the presence of a will and the race of the individual. The final section concludes that race is strongly correlated with the likelihood of having received an inheritance, of having a will, and of leaving a bequest, while wills are positively related to the likelihood that bequest expectations become reality.

Background

Intergenerational transfers of wealth have been taking place nearly as long as recorded history. However, the study of such transfers in economics has been fairly limited for such a pervasive economic phenomenon. This section summarizes the state of the economics literature on the following three basic questions: (1) How important are bequests for building up the assets of subsequent generations? (2) How do they contribute to wealth inequality generally, and by race in particular? and (3) Are bequests generally intentional or the accidental result of premature death?[4]

[3] This question can be answered using the surrogate index approach described in Athey et al. (2019), which combines short-term outcomes to predict a long-term outcome.

[4] The state of the debate at the turn of the century can be found in Munnell and Sundén (2003). Very few studies have addressed the various topics since that time.

How Much Do Bequests Contribute to Wealth?

Forty years ago, Kotlikoff and Summers (1981) used data on average earnings and consumption by age across different birth cohorts to estimate life-cycle wealth and concluded that it accounted for at most 20 percent of net worth, with the majority coming from intergenerational transfers. Modigliani (1988a and 1988b) sharply criticized the Kotlikoff and Summers methodology and conclusion that the majority of US capital formation is due to bequests. In particular, Modigliani argued that college payments should not be considered a transfer and that the interest on previous transfers should be counted as life-cycle saving and not wealth transfer. Among the early studies, White (1978) and Darby (1979) reached conclusions similar to Kotlikoff and Summers, while Ando and Kennickell (1987) and Gale and Scholz (1994) concluded that life-cycle wealth accounted for between 60 and 65 percent of net worth. More recent estimates (Gale and Potter 2003, Wolff and Gittleman 2014, and De Nardi and Fella 2017) suggest that the contribution of bequests to net worth remains a controversial topic. In any case, both early work and more recent estimates continue to underscore the importance of bequests in perpetuating both wealth and wealth inequality in the United States, with estimates of the share of current wealth due to inheritances ranging from 20 to 80 percent.

To What Extent Do Bequests Contribute to Inequality?

Since a substantial portion of current wealth is due to inheritances, a natural question is how much of current wealth *inequality* is due to such transfers. Bequests have generally been theorized to be a luxury good, enjoyed mostly by the rich. Becker and Tomes (1979, 1986) suggested that parents invest in their children's human capital until the optimal amount of such investment has been achieved, and only thereafter begin to transfer cash. This model implies that bequests are indeed the preserve of the wealthy, and that, under certain parameters, they would tend to reinforce dynastic wealth inequality.

Empirically, family traditions also seem to play a role in perpetuating bequest behavior. Individuals who received an inheritance are themselves more likely to leave a bequest (Cox and Stark 2005). Such intergenerational transmission of bequest intentions may contribute to wealth inequality generally, and to racial gaps in wealth specifically (Sabelhaus and Thompson 2022).

A pervasive finding of racial gaps in bequests is therefore unsurprising. Black individuals receive fewer and smaller bequests than Whites, and are also less likely to intend to

leave a bequest or to have a valid will (Choi et al. 2019). However, the extent to which racial bequest disparities translate into a racial wealth gap is controversial, with estimates ranging from very little (Aliprantis et al. 2022) to nearly 30 percent of the gap (Ashman and Neumuller 2020).

Are Bequests Intentional?

Given uncertainty about time of death, some bequests must take place as individuals die before exhausting their savings and thereby leave an accidental bequest (Yaari 1965). If bequests are predominantly accidental, they may benefit future generations even as they entail minimal sacrifice on the part of donors. Conversely, if individuals have a strong desire to leave a bequest, the resources apparently available to them in retirement overstate how much they have to actually spend, once a certain amount is earmarked for their heirs.

The evidence regarding the strength of bequest motives is mixed, with strong arguments in both directions (McGarry 2008). An early review of the literature found that intended bequests accounted for around 20 percent of total bequests (Gale and Scholz 1994). Kopczuk and Lupton (2007) estimated that elderly single households will end up bequeathing around 80 percent of their wealth, and that half of these bequests will be intentional.[5]

Even for accidental bequests, some intention may underlie the decision of who receives a decedent's estate. This planning is of even greater importance when bequests are intentional. However, circumstances can often frustrate such plans. Late-life costs unavoidably reduce the total size of an estate, while intestacy can prevent an estate from reaching its intended beneficiary. A will can help prevent this latter occurrence, and having a will may also focus individuals on their legacy and lead to greater saving or lower consumption. Nevertheless, evidence suggests that estate planning is often delayed for rational and irrational reasons (Kopczuk 2007). The next section details the ways in which wills can help and the implications of not having a will on realized bequests.

[5] Other studies also present mixed evidence on the intentionality of bequests. Hurd (1987, 1989, and 2006), for example, suggests few bequests are intentional (see also De Nardi et al. 2010); while others find that only intentional bequests can rationalize much of observed behavior (e.g., De Nardi 2015 and Lockwood 2018). Beyond pure altruism, a more self-interested intentional bequest motivation could include incentivizing children to provide late-life care (Bernheim et al. 1986). Intentional bequests also seem to play a role in the evolution of homeownership towards the end of life (Suari-Andreu et al. 2019 and Engelhardt and Eriksen 2021).

Why Are Wills Important?

The Courts have determined that the US Constitution protects the right of people to leave their assets to whomever they want. However, without a will, assets can get dispersed to unintended recipients.[6] This outcome can be a particular problem for people with modest estates, whose major asset is their home, as multiple heirs can lead to the fractionalization of the property.[7] The questions are threefold: (1) Why don't more people have a will? (2) What happens in the absence of a will? and (3) What are the implications of not having a will for the transfer of wealth in families?

Why Don't More People Have a Will?

Experts offer a host of theories about why people do not have wills. For example, many have argued that people do not want to think about dying, so – unwilling to confront their own mortality – they avoid making a will. Others reject that notion, citing the fact that, when the process is simple and accessible, people name beneficiaries for life insurance policies, retirement savings accounts, etc. Rather, they contend that the demands of the will-writing process, which generally requires a lawyer and a witness, are perceived as too onerous (Weisbord 2012a).[8]

Because many people perceive the process as extremely formal and complex, they shy away from it and procrastinate. Indeed, surveys suggest procrastination is the major reason that people do not have a will. In a 1977 study, 64 percent of respondents without a will cited "laziness" as a major reason (Fellows et al. 1978). Similarly, a 1978 survey found that 57 percent of those without a will said they had not "gotten around to making a will" (Contemporary Studies Project 1978). These responses suggest that people intend to write wills, but put it off as long as possible.[9] In practice, the percentage of households with a will has been declining over time (see Figure 1).

[6] In addition to wills, people have two other mechanisms for transmitting wealth: 1) for property, joint tenancy with rights of survivorship; and 2) for retirement accounts, beneficiary designations. Both of these mechanisms trump a will in determining the distribution of a decedent's wealth.

[7] A different problem in passing on housing wealth, which tends to more often impact low-income households, is a lack of correct homeownership records.

[8] Strategic considerations, like incentivizing children to continue providing care, have also been theorized (Bernheim et al. 1986).

[9] Experts have long recognized the roadblocks leading people to delay preparing wills and have advocated for less formal arrangements and increased acceptance of homemade documents. One recent proposal argued for attaching a 'Testamentary Schedule – Last Will and Testament' to an individual's state income tax return, which would eliminate the need for legal draftsmanship and the witness attestation requirement (Weisbord 2012a).

What Happens Procedurally When People Die without a Will?

The distribution of a decedent's assets in the absence of a will is determined by state intestacy law, which varies among states. The procedure is designed to capture the probable intent of most people; and asset distribution generally proceeds in the following order: (1) surviving spouse; (2) descendants; (3) parents; 4) siblings; and 5) other relatives such as grandparents, cousins, and nephews. In most states, if only one of the first four groups – spouse, descendants, parents, and siblings – remains, that group inherits everything. If some combination of the various groups remains, the assets are split. Figure 2 shows the main distribution rules for the state of New York, which is similar to most states. If no one in these four groups remains, however, the provisions can diverge significantly; for example, some states may include step-siblings and adopted siblings, and California includes nieces and nephews when accounting for direct decedents.[10] Whether or not the decedent leaves a will – and in the absence of some probate-avoiding arrangement – the estate must go through a probate court to appoint a representative to execute the division of the assets.[11] Hiring a lawyer to navigate the probate system adds substantially to the total costs,[12] and these costs are substantially higher for cases without a will than those with a will.

While the primary objective of the default rules is to distribute decedents' assets according to their probable intent, the law's preference for "traditional" family structures is at odds with the growing prevalence of nontraditional families. Shares of cohabiting and single-headed households have increased (Smock and Schwartz 2020); the share of nonmarital child birth has risen (Manning et al. 2015); and grandparents are increasingly caring for grandchildren (Pilkauskas et al. 2020).

[10] The FindLaw legal database website provides the specifics for each state.

[11] In most states, assets will avoid probate court even for people without a will in the following situations: (1) assets are held in a living trust; (2) life insurance with a named beneficiary; (3) retirement funds with a named beneficiary; (4) TOD (transfer on death) and POD (payable on death) assets; and (5) property titled joint tenancy or joint tenancy by entirety. Probate court functions range from determining how much a piece of property is worth to taking care of the decedents' responsibilities, such as unpaid taxes or debts (Penate 2020). The costs of probate include appraisal costs, fees for accountants, executor's fees, and fees for court filings and certified copies.

[12] The California legislature has established the following attorney fees for the administration of property going through the probate court system: 'An attorney is entitled to (1) 4 percent on the first $100,000; (2) 3 percent on the next $100,000; (3) 2 percent on the next $800,000; (4) 1 percent on the next $9,000,000; (5) one-half of 1 percent on the next $15,000,000; and (6) for all amounts above $25,000,000, a reasonable amount to be determined by the court.'

A recent study (Bea and Taylor Poppe 2020) used the Federal Reserve's *Survey of Consumer Finances* to estimate the percentage of households marginalized by state intestate laws, based on the premise that intestate heirs are defined by three principles: (1) only legally recognized kin are included; (2) the degree of relationship predominates (e.g., a non-resident child has priority over a resident grandchild); and (3) minors are allowed to inherit property. The results showed that 22 percent of families were marginalized. Furthermore, the probability of a household being marginalized was positively related to being Black or Hispanic and negatively related to net worth and education – although marginalization did appear across socioeconomic and demographic groups. Moreover, the 22-percent estimate is a lower bound because more than a quarter of currently married Americans have been married before, so bequest desires could be complicated by the existence of both children and step-children.

In short, dying without a will may be a fine outcome for the majority of families headed by a married couple or for many single individuals, but it can result in the wrong outcome when the intended beneficiaries are not related by blood, marriage, or adoption.

What Are the Economic Implications of Not Having a Will?

Legal experts routinely argue that dying intestate is a particular problem when the estate is modest and the largest asset is the home (e.g., Wright 2020, Strand 2010). The risk is that the home descends to multiple heirs, and all the tenants in common must coordinate and obtain consent from fractional owners before maintaining or selling the property. If the intended beneficiaries are living in the decedent's home, the distribution to a large number of beneficiaries could result in the forced sale of the property and leave them homeless. A couple of examples can provide some texture to the types of predicaments that arise.

One example, based on observed patterns, involves an 80-year-old New Jersey resident leaving his 80-year-old wife an estate worth $100,000, which consisted solely of the home where she resides (Weisbord 2012b). If this man had executed a will, he would have left his wife the residence for life, and, upon her death, outright to his two children from a previous marriage. Under New Jersey law, however, the widow and children become co-owners immediately. The children are allowed to come and go as they please, and the widow lacks the resources to buy them out. The children would prefer to sell the property, but the widow would likely resist

moving out of her home.[13] The short-term unpleasantness turns into serious problems in the longer run, because the widow's heirs are unlikely to be her step-children. As a result, the number of co-owners increases, and the problems of shared ownership become expensive and time-consuming. Conflicts could be resolved in court, but the cost of litigation could soon exceed the value of the property.

Another example, also based on fact patterns, relates to a couple that marries and buys a house (Strand 2010). When the husband dies without a will the title passes to the wife, since the house is most likely jointly owned. The widow continues to live in the house, maybe with a child or some other family member. She then dies without a will. Several children, and perhaps even grandchildren (if a child predeceased her) then inherit the property. At this point, one of two things might happen. On the one hand, any of the heirs can bring a partition action, which could result in the forced sale of the property and the division of the proceeds. Alternatively, the heirs might view the house as the family homestead and agree not to sell, letting whoever was living in the house at the time of the wife's death to continue to live there and pay property taxes in the original owners' name. This process might continue for a long time, with ownership becoming more scattered due to intestacy law.

At some point, the arrangement breaks down, with the house still titled to the original owners but with legal ownership spread far and wide. The precipitating event is often the inability of the current resident to pay the property taxes. Other owners have little interest in investing in a house from which they receive no benefit. Most avenues of help – including a reverse mortgage, a home improvement loan, disaster relief, or a developer interested in the property – require proof of title. Rarely does the current occupant have the ability to hire a lawyer to open probate, locate all the heirs, and clear title. The final step may be abandonment by the occupant, repossession for tax liens by the local government, or even razing the property if it has deteriorated too much. In the end, the family loses the wealth earned by previous generations.

Both of these examples highlight how the lack of a will can lead to dispersion of ownership under state intestacy laws. The problem also seems linked to treating the house, where the transaction costs of preserving the property may well exceed its value, like any other

[13] Under New Jersey law, each child would receive 12.5 percent of the proceeds and the widow 75 percent.

asset (Way 2009).[14] Finally, the lack of clear title forecloses many avenues for assistance. In the end, families lose assets over the generations instead of building up wealth.

The importance of wills for preserving the value of a bequest, above and beyond their importance in transmitting it to intended heirs, is clear, but little economic research has explored the consequences of intestacy. In turn, the importance of inheritances for wealth accumulation and racial disparities in wealth is unclear. Furthermore, the extent to which the racial gap in wills might impact differences in bequest patterns by race has been largely unexplored. The next section describes how this analysis begins to tackle these questions.

Data and Methods

This section first describes the HRS data used to analyze bequest expectations and will-holding. Following the exposition of the data, the next section lays out the analysis relating socioeconomic characteristics to bequest expectations and wills. The final section discusses the use of exit interviews to link bequest expectations and realized bequests.

Data

The analysis of bequests and bequest expectations across years is based on data from the HRS. The HRS is a panel survey that follows Americans over age 50 and their spouses over time, interviewing them every two years. New cohorts in their early to mid-50s are added over time to provide a regularly refreshed source of data on the transition from middle age to retirement and beyond. We use HRS survey responses for the years 1992-2018.

The HRS tracks several variables of interest. Importantly for this analysis, the survey elicits respondent self-reported probabilities of leaving a bequest of at least $10,000, $100,000, and $500,000. The survey also asks whether a respondent has received an inheritance at any point (and how much that inheritance was worth) and whether a respondent has a will. Respondents are also asked about a wide array of socioeconomic and demographic characteristics, including asset holdings and household structure.

The HRS also conducts proxy exit interviews (and post-exit interviews when a respondent's estate is unsettled at the time of interview) that provide information about actual

[14] Similar issues may arise with family-owned businesses or other assets which are difficult to use or manage jointly across multiple owners.

estate execution. This information allows bequest expectations to be tracked throughout life and up through the settling of the estate to see whether the expectations correlate with actual bequests. The main outcome of interest in these interviews for the current analysis is the total estate size, which can then be compared to expected bequests.[15]

Despite the efforts of the HRS surveyors to follow up with proxy respondents for deceased respondents, not all such interviews yield valid measures of the size of the total estate (here zero is a valid measure but unknown estates are not). Importantly, those who have an exit interview with a valid estate tend to be better off on various dimensions, such as education and wealth.[16] Such a disparity in response rates is likely to lead to an underestimate of the efficacy of wills in achieving bequest goals, since such individuals are likely to have other means of guaranteeing their estates.

Analysis of Correlates of Bequest Expectations

The main goal of the analysis is to examine the relationship between having a will and the self-reported probabilities of leaving a bequest. The role of race is of particular interest. We categorize respondents into four racial/ethnic groups: non-Hispanic White, non-Hispanic Black, Hispanic, and non-Hispanic other. The focus is on the final available interview for each respondent. The selected observation for each person is the last interview before death, for those who leave the HRS because they die, or simply the 2018 interview for those who had not died by that point. This choice of final interview is intended to give the most comprehensive view of the estates that respondents expect to leave.

The analysis begins with an OLS regression estimating the relationship between race and ever having received a bequest, as well as the amount of inheritances received conditional on having received any. These regressions are estimated both with no further controls to simply illustrate the mean differences between the racial groups and with demographic controls to assess whether these different correlates of race, such as education or age, can explain the racial

[15] Some proxy respondents do not include the value of a decedent's residence in their reported estate valuation. To correct for these omissions, we have added the value of the primary residence from the final pre-death HRS wave to the value of the total estate for decedents whose exit interview indicates that they owned their home at time of death and whose reported estate did not include the value of their home.
[16] See Appendix Table 1.

differences.[17] All these models include interview-year fixed effects to account for inflation and demographic trends.[18]

Next, we study who has a written will, and what bequests people intend to leave, controlling for socioeconomic factors including race, wealth, education, sex, age, marital status, and health. Among the financial controls are non-housing wealth: total household wealth (including any balances in defined contribution plans held by the respondent) minus any wealth tied to the respondent's primary residence. To mitigate the effects of outliers in the data, non-housing wealth is bottom-coded at zero for those reporting negative wealth, and top-coded at the 95th percentile of the sample. Respondent health is a self-reported measure on a scale of one (poor) to five (excellent), which we simplify to an indicator of poor to good health (one through three).

For comparability across the different outcomes, the samples for all these regressions include only observations that have valid information on all the necessary variables. All models include interview-year fixed effects, which are particularly important here given the nominal dollar amounts of expected bequests elicited across the survey waves. The standard errors are robust to heteroscedasticity, and the regressions are weighted using the initial sampling weight of each individual.

The Roles of Race and Wills in Realizing Bequest Expectations

The final stage of the analysis concerns the link between intended and realized bequests. To this end, exit interview data for deceased respondents are merged to each respondent's final living observation. These models estimate variations on the following equation:

$$Y_i = \beta_0 + \boldsymbol{\beta_1} * \frac{\boldsymbol{Race}}{\boldsymbol{ethnicity}_i} + \beta_2 * Will_i + \boldsymbol{\beta_3} * \boldsymbol{X_i} + \beta_4 * Expectation_i + \varepsilon_2, \qquad (1)$$

where Y_i is an indicator for leaving a total estate of less than either \$10,000, \$100,000, or \$500,000. $Race/ethnicity_i$ is a vector indicating whether the respondent is non-Hispanic Black, Hispanic, or non-Hispanic Other (with non-Hispanic White as the omitted category),

[17] Note that age variation exists despite all observations being the respondent's final observation in the HRS. The Age control accounts for both individuals who die at different ages and for the fact that many respondents have not yet died.

[18] All dollar amounts are in nominal terms of the year in which the survey takes place. The reason we rely on year fixed effects alone to account for inflation is that the core questions on bequest expectations are phrased in nominal terms of \$10,000, \$100,000, and \$500,000, referring to current-year dollars.

$Will_i$ is an indicator for the respondent having a valid will at time of death, and $\boldsymbol{X_i}$ is a vector of socioeconomic characteristics that are likely not influenced by the adoption of a will: gender, education, marital status, presence of living children, an indicator for ever having received an inheritance, an indicator for having poor to good self-reported health, and age. These variables are all measured at the time of the last wave preceding death. The regressions further include year-of-death fixed effects, to account for the fact that nominal economic growth makes the target amounts vary over time in real terms and in likelihood.

$Expectation_i$ is the self-reported probability of leaving an estate of at least $10,000, $100,000, or $500,000, with the amount chosen to correspond to the dependent variable. With this probability held constant, the coefficient on being Black, the first element of β_1, is an estimate of how well Black respondents are able to assess the size of their eventual estate. That is, for a Black and White respondent with the same self-reported probability of leaving a bequest larger than the target, β_1 estimates the probability that a non-White respondent falls short relative to their White counterpart. A positive sign would indicate that non-White respondents have less predictable estate sizes relative to White respondents, perhaps because of greater difficulty in forecasting late-life expenses. Similarly, β_2 is an estimate of whether wills help individuals achieve their expected bequests. A negative sign indicates that if two individuals, one with a will and one without, have the same self-reported probability of leaving an estate larger than the target amount, the respondent with a will is more likely to achieve that goal.

The importance of wills is understated by these regressions because the total value of a decedent's estate is unlikely to be undervalued by the proxy respondent to the HRS if assets are devalued due to intestacy laws resulting in problematic ownership structures. For example, the reported value of a bequeathed house is not typically reduced in cases where the house is split among fractional owners due to intestacy. Thus, the results represent a lower bound of the importance of wills in preserving the value of an estate. Furthermore, to the extent that Black respondents are more likely to have family structures marginalized by intestacy laws (Bea and Taylor Poppe 2020), these regressions also provide a lower bound for the differential value of wills for Black, relative to White, estates.

Socioeconomic Characteristics, Bequest Expectations, and Wills

This section summarizes the results of the analysis relating socioeconomic characteristics to bequest expectations and wills. First, to set the stage, racial gaps in ever having *received* an inheritance are estimated. Then, relationships between socioeconomic characteristics and expectations of *leaving* a bequest are discussed, as well as how these characteristics relate to having a will.

Table 1 presents the descriptive statistics for the sample in this first analysis. Overall, about half the sample has a will, and the mean probability in the sample of expecting to leave a bequest of at least $10,000 is 56 percent. Unsurprisingly, these expectations decline at higher thresholds of expected bequests: to 39 percent and 17 percent with regards to leaving a bequest of at least $100,000 or $500,000, respectively. The mean age is 68, reflecting that the sample is composed of individuals in their final wave in the HRS, either before exiting the sample (predominantly due to death) or simply because their final observation is in the last available HRS wave.

Table 2 shows OLS estimates for how likely individuals are to have ever received an inheritance through their final wave in the HRS. Black, Hispanic, and other minority respondents are significantly less likely to report ever having received an inheritance than Whites. This gap, apparent in the raw means (column 1), persists even after controlling for other demographic characteristics, education, and marital status (column 2). Columns 3 and 4 repeat this analysis for the subset of individuals who report receiving an inheritance, and estimate how race and other demographic variables relate to the amount of inheritance cumulatively received throughout respondents' lives. Once again, Black and Hispanic respondents receive less conditional on having received any inheritance.[19]

The main goal of this section of the analysis is to document the factors related to leaving a bequest, particularly surrounding racial disparities. Table 3 shows these results. The dependent variable in each column is the probability of having a will (column 1), and the self-reported probability of leaving a bequest of at least $10,000, $100,000, and $500,000, in columns 2, 3, and 4, respectively.

The results are generally consistent across the columns, with factors related to the expectation of leaving bequests of various sizes and with the probability of having a will

[19] These differences in amount received are not significant for 'Other race' respondents.

displaying similar sizes for the different outcomes. For example, homeowners or individuals with greater wealth are more likely to have a will and to expect to leave a bequest of any given size. Likewise, individuals who themselves received an inheritance, who have children of their own, and who have higher education levels are more likely to have a will and to expect to leave a bequest of their own.[20]

A few exceptions to this consistency across outcomes are apparent. Women are more likely than men to have a will, but are less confident that they will leave bequests of at least $10,000 or $100,000 (no gender difference is found for the expectation of leaving at least $500,000). Similarly, older individuals are more likely to have a will but report lower probabilities of expected bequests. This pattern is consistent with having had more opportunities to write a will among older respondents, while at the same time having a stronger sense of just how much of their resources are likely to remain untapped at the time of their death. Note that these estimates control for self-reported health, so, holding health constant, older individuals may expect to live to even older ages and require more of their wealth to support themselves.[21]

Finally, with respect to race and ethnicity, minorities are less likely to have wills and report lower expected probabilities of leaving moderate bequests. This sign flips for questions about bequests of over $500,000. One possible explanation is that Black individuals who are very successful feel a strong obligation to ensure that assets are left to their family.

Both wills and the questions on bequest expectations reflect individuals' plans and intentions to leave a legacy. The next section turns to the question of whether these plans are achieved, whether wills help in this process, and whether the process varies by race.

The Link Between Bequest Expectations and Realized Bequests

By 2018, the HRS included around 3,250 individuals who had been surveyed at some point and subsequently died, and whose proxy informants could provide information about the ultimate dispositions of estates. Table 4 shows the descriptive statistics for this sample. Given the characteristics of the respondents who have actually died and, of those, which respondents' proxies are capable of reporting total estate size, the sample is substantially different from the

[20] All these relationships are significant at least at the 1-percent level.
[21] Regarding the effect of health itself, poorer health is related to both having a will and to the expectation of leaving a bequest.

full sample of final interviews used above. For example, the share of Black respondents is low (8 percent). Furthermore, the share with a will is high (74 percent) relative to that in Table 1, reflecting that some respondents may have written a will as they approached death. Another difference is that the age of decedents (78) is higher than the average age of all respondents in their final wave (68), since many of the latter have not yet died, which likely explains the low rate of college completion in what are older cohorts (18 percent relative to 26 percent for the full sample).

The analysis of exit interviews is nevertheless valid for assessing the impact of wills on achieving bequest goals in the population of decedents with exit interviews. As described above, the estimates of the will coefficient are likely lower bounds relative to what we might find with a sample that was not winnowed down so much.

Tables 5, 6, and 7 show the estimates of equation (1) for the outcomes of leaving a total estate of less than $10,000, $100,000, and $500,000, respectively. Column (1) of each table shows estimates conditional only on the self-reported probability of leaving more than the target amount and year of death, while Column (2) adds further controls that are plausibly exogenous to will-writing. Across all target bequest levels, the *expectation* of meeting that target is strongly predictive of actually doing so, regardless of controls.

For the $10,000 target, only Hispanic ethnicity is significantly related to a lower likelihood of leaving the target bequest ($p<0.05$), while Black race is not predictive of failing to achieve the targeted bequest. However, the latter coefficient goes in the anticipated direction, with Black decedents more likely to fall short of their goal. The relatively weak significance of the Black coefficient is unsurprising given how modest the goal is. Furthermore, across race and ethnicity, those with wills are less likely to fall short of their expected bequests ($p<0.05$), regardless of inclusion of controls or not.

Turning to the $100,000 and $500,000 targets, we find that Black and Hispanic decedents are less likely to meet their target, while those with wills are more likely to do so. For these specifications, both coefficients are statistically significant at the 0.1-percent level, both with and without controls. Thus, at least descriptively, the realized bequests of Black and Hispanic decedents are less likely to meet their intended bequests, while wills seem to be helpful in matching reality to expectations.

These results underscore the racial gap in bequests, since even for those with the same expectation of leaving a bequest, Black decedents more often fail to meet their targets. This finding is particularly alarming, since Black and Hispanic respondents both have much lower expectations of leaving substantial bequests to begin with and are less likely to have a will, as shown above. The good news is that wills seem to mitigate such failures, either by preserving value postmortem or by shifting behavior throughout life, such as lowering consumption to guarantee that bequest goals are met. Of course, these results are descriptive and thus also consistent with unobservable factors being correlated with both will-writing and realized bequests, such as more careful planners both writing wills and having more accurate assessments of their eventual estate.

Conclusion

Legal and financial experts often recommend writing a will. Having a will is important for the many households whose circumstances are not adequately addressed in state default inheritance laws. Wills are particularly valuable when the major bequeathable asset would likely decline in value from being split among multiple owners, as default laws tend to do. Nevertheless, a large and growing share of individuals do not have a will.

This analysis has shown that the rate of intestacy is especially high among Black and Hispanic individuals, even after controlling for a wide array of demographic and socioeconomic characteristics. Relatedly, these individuals are also less likely to expect to leave bequests of meaningful size. Finally, we find descriptive evidence that Black decedents, conditional on how likely they thought achieving a certain bequest size was, are less likely to achieve that goal. However, having a will is related to a greater likelihood of attaining bequest goals, offering a potential route for improving this situation.

What remains unclear is whether the will itself focuses the mind and settles legal ambiguities to the extent that bequest goals are achieved – or whether it is simply unobserved factors that make certain individuals both more likely to have a will and more likely to meet their bequest expectations. In concurrent work, we plan to address this ambiguity experimentally.

References

Aliprantis, Dionissi, Daniel R. Carroll, and Eric R. Young. 2022. "The Dynamics of the Racial Wealth Gap." Working Paper No. 19-18R. Cleveland, OH: Federal Reserve Bank of Cleveland.

Ando, Abert and Arthur B. Kennickell. 1987. "How Much (or Little) Life Cycle Is There in Micro Data? The Cases of the United States and Japan." In *Macroeconomics and Finance: Essays in Honor of Franco Modigliani*, edited by Rudiger Dornbusch, Stanley Fischer and John Bossons. Cambridge, MA: MIT Press.

Ashman, Hero and Seth Neumuller. 2020. "Can Income Differences Explain the Racial Wealth Gap? A Quantitative Analysis." *Review of Economic Dynamics* 35: 202-239.

Athey, Susan, Raj Chetty, Guido W. Imbens, and Hyunseung Kang. 2019. "The Surrogate Index: Combing Short-Term Proxies to Estimate Long-Term Treatment Effects More Rapidly and Precisely." NBER Working Paper 26463. Cambridge, MA: National Bureau of Economic Research.

Bea, Megan, and Emily Taylor Poppe. 2020. "Marginalized Legal Categories: Social Inequality, Family Structure, and the Laws of Intestacy" *Law and Society Review 55*(2): 252-272.

Becker, Gary S. and Nigel Tomes. 1979. "An Equilibrium Theory of the Distribution of Income of Intergenerational Mobility." *Journal of Political Economy* 87(6).

Becker, Gary S. and Nigel Tomes. 1986. "Human Capital and the Rise and Fall of Families." *Journal of Labor Economics* 4(3): S1-S39.

Bernheim, B. Douglas, Andrei Shleifer, and Lawrence H. Summers. 1986. "The Strategic Bequest Motive." *Journal of Labor Economics* 4(3): 151-182.

Catherine, S. and N. Sarin. 2024 (forthcoming). "Social Security and the Racial Wealth Gap." In *Diversity, Inclusion, and Inequality: Implications for Retirement Income Security and Policy,* edited by N. Roussanov and O. S. Mitchell. Oxford, UK: Oxford University Press.

Choi, Shinae L., Ian M. McDonough, Minjung Kim, and Giyeon Kim. 2019. "Estate Planning Among Older Americans: The Moderation Role of Race and Ethnicity." *Financial Planning Review* 2(3-4): e1058.

Contemporary Studies Project. 1978. "A Comparison of Iowans' Dispositive Preferences with Selected Provisions of the Iowa and Uniform Probate Codes." *63 Iowa Law Review*: 1041, 1070.

Cox, Donald and Oded Stark. 2005. "Bequests, Inheritances and Family Traditions." Working Paper 2005-09. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Darby, Michael R. 1979. *The Effects of Social Security on Income and the Capital Stock*. Washington, DC: American Enterprise Institute for Public Policy Research.

De Nardi, Mariacristina. 2015. "Wealth Inequality and Intergenerational Links." *The Review of Economic Studies* 71(3): 743-768.

De Nardi, Mariacristina and Guido Fella. 2017. "Saving and Wealth Inequality." *Review of Economic Dynamics* 26: 280-300.

De Nardi, Mariacristina, Eric French, and John B. Jones. 2010. "Why Do the Elderly Save? The Role of Medical Expenses." *Journal of Political Economy* 118(1): 39-75.

Dynan, K. and D. Elmendorf. 2024 (forthcoming). "Changes in Racial Gaps in Retirement Security over Time." In *Diversity, Inclusion, and Inequality: Implications for Retirement Income Security and Policy*, edited by N. Roussanov and O. S. Mitchell. Oxford, UK: Oxford University Press.

Engelhardt, Gary V. and Michael D. Eriksen. 2021. "Intended Bequests and Housing Equity in Older Age." Working Paper 2021-2. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Fellows, Mary Louise, Rita J. Simon, and William Rau. 1978. "Public Attitudes About Distribution at Death and Intestate Succession Laws in the United States." *American Bar Foundation Research Journal* 3(2): 319-91.

FindLaw.com. 2023. "Intestate Succession Laws by State." Toronto, CA: *Thomson Reuters.* Available at: https://www.findlaw.com/estate/planning-an-estate/intestate-succession-laws-by-state.html

Gale, William G. and Samara Potter. 2003. "The Impact of Gifts and Bequests on Aggregate Saving and Capital Accumulation." In *Death and Dollars: The Role of Gifts and Bequests in America*, edited by Alicia Munnell and Annika Sundén, 319-344. Washington, DC: Brookings Institution Press.

Gale, William G. and John K. Scholz. 1994. "Intergenerational Transfers and the Accumulation of Wealth." *Journal of Economic Perspectives* 8(4): 145-160.

Hou, Wenliang and Geoffrey T. Sanzenbacher. 2020. "Measuring Racial/Ethnic Retirement Wealth Inequality." Working Paper 2020-2. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Hurd, Michael D. 1987. "Savings of the Elderly and Desired Bequests." *The American Economic Review* 77(3): 298-312.

Hurd, Michael D. 1989. "Mortality Risk and Bequests." *Econometrica* 57(4): 779-813.

Hurd, Michael D. 2006. "Bequests: By Accident or by Design?" In *Death and Dollars: The Role of Gifts and Bequests in America*, edited by Alicia Munnell and Annika Sundén, 93-129. Washington, DC: The Brookings Institution.

Keene, Valerie. 2022. "Intestate Succession in New York." NOLO.com. Available at: https://www.nolo.com/legal-encyclopedia/intestate-succession-new-york.html

Kermani, A. and F. Wong. 2024 (forthcoming). "How Racial Differences in Housing Returns Shape Retirement Security." In *Diversity, Inclusion, and Inequality: Implications for Retirement Income Security and Policy*, edited by N. Roussanov and O. S. Mitchell. Oxford, UK: Oxford University Press.

Kopczuk, Wojciech. 2007. "Bequest and Tax Planning: Evidence from Estate Tax Returns." *The Quarterly Journal of Economics* 122(4): 1801-1854.

Kopczuk, Wojciech and Joseph P. Lupton. 2007. "To Leave or Not to Leave: The Distribution of Bequest Motives." *The Review of Economic Studies* 74(1): 207-235.

Kotlikoff, Laurence J. and Lawrence H. Summers. 1981. "The Role of Intergenerational Transfers in Aggregate Capital Accumulation." *Journal of Political Economy* 89(4): 706-732.

Liu, Siyan and Laura D. Quinby. 2023. "What Factors Drive Racial Disparities in Housing Wealth Accumulation?" Working Paper 2023-3. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Lockwood, Lee M. 2018. "Incidental Bequests and the Choice to Self-Insure Late-Life Risks." *The American Economic Review* 108(9): 2513-2550.

Manning, W. D., S. L. Brown, S. L. and B. Stykes. 2015. "Trends in Births to Single and Cohabiting Mothers, 1980–2013." Paper FP-15-03. Bowling Green, OH: Bowling Green State University, National Center for Family & Marriage Research.

McGarry, Kathleen. 2008. "Inheritances and Bequests." In *The New Palgrave Dictionary of Economics*, Second Edition, edited by Steven N. Durlauf and Lawrence E. Blume. London, UK: Palgrave Macmillan.

Modigliani, Franco. 1988a. "Measuring the Contribution of Intergenerational Transfers to Total Wealth: Conceptual Issues and Empirical Findings." In *Modeling the Accumulation and Distribution of Wealth*, edited by Denis Kessler and André Masson. Oxford, UK: Clarendon Press.

Modigliani, Franco. 1988b. "The Role of Intergenerational Transfers and Life-Cycle Saving in the Accumulation of Wealth." *Journal of Economic Perspectives* 2(2): 15-40.

Munnell, Alicia H., Wenliang Hou, and Geoffrey T. Sanzenbacher. 2018. “Trends in Retirement Security by Race/Ethnicity.” *Issue in Brief* 18-21. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Munnell, Alicia H. and Annika Sundén, editors. 2003. *Death and Dollars: The Role of Gifts and Bequests in America*. Washington, DC: Brookings Institution Press.

Pilkauskas, Natasha V., Amorim, Mariana, and Dunifon, Rachel E. “Historical Trends in Children Living in Multigenerational Households in the United States: 1870–2018.” *Demography* 57(6): 2269-2296.

Penate, Geber. 2020. “Utilizing Estate Plans to Achieve Economic Justice.” *Poverty Law Conference & Symposium*.

Quinby, Laura D. and Gal Wettstein. 2023. “Are Older Workers Capable of Working Longer?” *Journal of Pension Economics and Finance*. doi: 10.1017/S1474747223000033

Sabelhaus, John and Jeffrey P. Thompson. 2022. “Racial Wealth Disparities: Reconsidering the Roles of Human Capital and Inheritance.” Working Paper No. 22-3. Boston, MA: Federal Reserve Bank of Boston.

Smock, P. J. and C. R. Schwartz. 2020. “The Demography of Families: A Review of Patterns and Change.” *Journal of Marriage and Family* 82: 9-34.

Strand, Palma Joy. 2010. “Inheriting Inequality: Wealth, Race, and the Laws of Succession.” *Oregon Law Review* 89: 453-504.

Suari-Andreu, Eduard, Rob Alessie, and Viola Angelini. 2019. “The Retirement Savings Puzzle Reviewed: The Role of Housing and Bequests.” *Journal of Economic Surveys* 33(1): 195-225.

Thompson, J. P., G. A. Suarez, and A. Henriques Volz. 2024 (forthcoming). “Retirement Assets and Wealth Gaps for Black and Hispanic Households.” In *Diversity, Inclusion, and Inequality: Implications for Retirement Income Security and Policy,* edited by N. Roussanov and O. S. Mitchell. Oxford, UK: Oxford University Press.

Way, Heather K. 2009. "Informal Homeownership in the United States and the Law." *Saint Louis University Public Law Review* 29(1): 113-192.

Weisbord, Reid. 2012a. “Wills for Everyone: Helping Individuals Opt Out of Intestacy” *Boston College Law Review* 53(1): 877-952.

Weisbord, Reid. 2012b. “The Connection Between Unintentional Intestacy and Urban Poverty.” *Rutgers Law Review Commentaries* 138: 1-8.

White, Betsy Buttrill. 1978. “Empirical Tests of the Life Cycle Hypothesis.” *The American Economic Review* 68(4): 547-560.

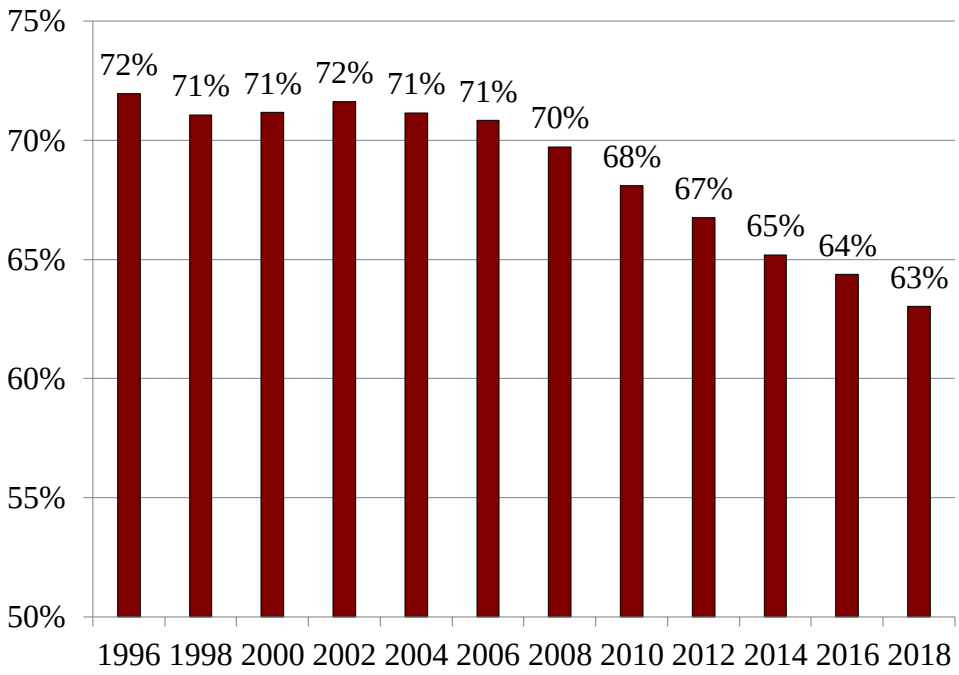
Wolff, E. N. 2024 (forthcoming). ‘Understanding Trends in Hispanic and African American Retirement Preparedness in the US.’ In *Diversity, Inclusion, and Inequality: Implications for Retirement Income Security and Policy*, edited by N. Roussanov and O. S. Mitchell. Oxford, UK: Oxford University Press.

Wolff, Edward N. and Maury Gittleman. 2014. “Inheritances and the Distribution of Wealth Or Whatever Happened to the Great Inheritance Boom?” *Journal of Economic Inequality* 12: 439-468.

Wright, Danaya C. 2019-2020. “What Happened to Grandma’s House: The Real Property Implications of Dying Intestate.” *University of California Davis Law Review* 53: 2603-2640.

Yaari, Menahem E. 1965. “Uncertain Lifetime, Life Insurance, and the Theory of the Consumer.” *The Review of Economic Studies* 32(2): 137-150.

Figure 1. *Percentage of Households Ages 70+ in which the Head Has a Will by HRS Wave, 1996-2018*



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

Figure 2. *Inheritance Hierarchy in New York State*

If you die with:	Here's what happens:
Spouse but no descendants	Spouse inherits everything.
Children but no spouse	Children inherit everything.
Parents but no spouse or descendants	Parents inherit everything.
Siblings but no spouse, descendants, or parents	Siblings inherit everything.
Spouse and descendants	Spouse inherits the first $50,000 of intestate property plus 1/2 of the balance; descendants inherit everything else.

Source: Keene (2022).

Table 1. *Summary Statistics at Last Wave Observed, 1992-2018*

Variable	Mean	SD	Min	Max
Respondent has a will	0.48	0.50	0	1
Respondent self-reported probability of leaving at least a $10,000 bequest	0.56	0.43	0	1
Respondent self-reported probability of leaving at least a $100,000 bequest	0.39	0.42	0	1
Respondent self-reported probability of leaving at least a $500,000 bequest	0.17	0.31	0	1
Non-Hispanic White	0.74	0.44	0	1
Non-Hispanic Black	0.11	0.31	0	1
Hispanic	0.10	0.29	0	1
Non-Hispanic Other	0.05	0.22	0	1
Homeowner	0.73	0.45	0	1
Nonhousing wealth ($100,000s)	2.41	3.70	0	12.05
Retired	0.48	0.50	0	1
Ever received an inheritance	0.28	0.45	0	1
Less than high school graduate	0.16	0.37	0	1
High school degree/GED	0.32	0.47	0	1
Some college	0.26	0.44	0	1
College graduate	0.26	0.44	0	1
Has children	0.91	0.29	0	1
Age	67.87	11.68	50	109
Male	0.46	0.50	0	1
Female	0.54	0.50	0	1
Single	0.38	0.49	0	1
Poor to fair health	0.67	0.47	0	1

Source: Authors' calculations from the 1992-2018 HRS.

Table 2. *Relationship of Various Characteristics to receiving an Inheritance and the Amount Received by the Last Wave Observed, 1992-2018*

	(1)	(2)	(3)	(4)
	Ever received an inheritance	Ever received an inheritance	Total inheritance amount received ($100,000s)	Total inheritance amount received ($100,000s)
Non-Hispanic Black	-0.299***	-0.250***	-0.930***	-0.750***
	(0.00581)	(0.00619)	(0.120)	(0.116)
Hispanic	-0.297***	-0.226***	-0.576**	-0.408*
	(0.00703)	(0.00787)	(0.205)	(0.205)
Non-Hispanic other	-0.210***	-0.202***	-0.0839	-0.0832
	(0.0141)	(0.0146)	(0.248)	(0.261)
High school degree/GED		0.0911***		0.115
		(0.00708)		(0.0819)
Some college		0.131***		0.378***
		(0.00820)		(0.0947)
College graduate		0.218***		1.595***
		(0.00907)		(0.248)
Age		0.00293***		0.00182
		(0.000273)		(0.00551)
Female		0.00620		0.149
		(0.00649)		(0.187)
Single		-0.0760***		-0.364*
		(0.00667)		(0.159)
Constant	0.177***	-0.101***	0.566***	-0.0103
	(0.0101)	(0.0242)	(0.126)	(0.322)
Observations	33,384	33,384	8,757	8,757
R^2	0.095	0.126	0.005	0.017
Year FE	Interview year	Interview year	Interview year	Interview year

Notes: Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.
Source: Authors' calculations from the 1992-2018 HRS.

Table 3. *Relationship of Various Characteristics to Having a Will and Expectations of Leaving Bequests of at Least $10k, $100k, and $500k at the Last Wave Observed, 1992-2018*

	(1)	(2)	(3)	(4)
	Does respondent have a will	Respondent probability will leave at least a $10k bequest	Respondent probability will leave at least a $100k bequest	Respondent probability will leave at least a $500k bequest
Non-Hispanic Black	-0.192***	-0.0525***	-0.0339***	0.0317***
	(0.00819)	(0.00744)	(0.00665)	(0.00463)
Hispanic	-0.185***	-0.0736***	-0.0221**	0.0351***
	(0.00940)	(0.00883)	(0.00804)	(0.00590)
Non-Hispanic Other	-0.117***	-0.0536***	-0.0215	0.0405***
	(0.0183)	(0.0134)	(0.0135)	(0.0120)
Homeowner	0.135***	0.246***	0.199***	0.0544***
	(0.00679)	(0.00647)	(0.00546)	(0.00354)
Nonhousing wealth	0.0261***	0.0196***	0.0346***	0.0398***
($100,000s)	(0.00102)	(0.000771)	(0.000825)	(0.000815)
Retired	0.0412***	0.0290***	0.0235***	0.0145***
	(0.00706)	(0.00578)	(0.00558)	(0.00434)
Ever received an inheritance	0.0533***	0.0732***	0.0703***	0.0312***
	(0.00790)	(0.00601)	(0.00633)	(0.00515)
High school degree/GED	0.0844***	0.117***	0.0822***	0.0129**
	(0.00784)	(0.00764)	(0.00646)	(0.00415)
Some college	0.131***	0.160***	0.119***	0.0277***
	(0.00897)	(0.00845)	(0.00742)	(0.00513)
College graduate	0.216***	0.197***	0.163***	0.0716***
	(0.0102)	(0.00906)	(0.00839)	(0.00636)
Has children	0.0294**	0.0333***	0.0381***	0.0216**
	(0.0112)	(0.00936)	(0.00896)	(0.00683)
Age	0.0134***	-0.00416***	-0.00318***	-0.00155***
	(0.000300)	(0.000267)	(0.000248)	(0.000186)
Female	0.0386***	-0.0249***	-0.0251***	-0.00131
	(0.00642)	(0.00525)	(0.00520)	(0.00404)
Single	-0.0175*	0.0216***	0.00708	0.00308
	(0.00712)	(0.00597)	(0.00586)	(0.00428)
Poor to fair health	0.0202**	0.115***	0.0983***	0.0364***
	(0.00642)	(0.00592)	(0.00540)	(0.00369)
Constant	-0.613***	0.349***	0.153***	0.0316
	(0.0274)	(0.0256)	(0.0227)	(0.0164)
Observations	33,384	33,384	33,384	33,384
R^2	0.305	0.301	0.336	0.323
Year FE	Interview year	Interview year	Interview year	Interview year

Notes: Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.
Source: Authors' calculations from the 1992-2018 HRS.

Table 4. *Summary Statistics of Exit Interviews Sample*

Variable	Mean	SD	Min	Max
Respondents leaving less than a $10,000 estate	0.18	0.39	0	1
Respondents leaving less than a $100,000 estate	0.45	0.50	0	1
Respondents leaving less than a $500,000 estate	0.82	0.39	0	1
Respondent self-reported probability of leaving at least a $10,000 bequest	0.66	0.41	0	1
Respondent self-reported probability of leaving at least a $100,000 bequest	0.41	0.44	0	1
Respondent self-reported probability of leaving at least a $500,000 bequest	0.13	0.29	0	1
Non-Hispanic White	0.87	0.33	0	1
Non-Hispanic Black	0.08	0.27	0	1
Hispanic	0.04	0.19	0	1
Non-Hispanic other	0.01	0.10	0	1
Respondent has a will	0.74	0.44	0	1
Ever received an inheritance	0.22	0.41	0	1
College graduate	0.18	0.38	0	1
Has children	0.92	0.28	0	1
Age	77.71	10.12	50	101
Male	0.48	0.50	0	1
Female	0.52	0.50	0	1
Single	0.56	0.50	0	1
Poor to fair health	0.46	0.50	0	1
Good or excellent health	0.54	0.50	0	1

Source: Authors' calculations from the 1992-2018 HRS.

Table 5. *Relationship of Various Characteristics to Failing to Leave at Least a $10,000 Estate, 1992-2018*

	(1)	(2)
	Failing to leave at least a $10,000 estate	Failing to leave at least a $10,000 estate
Non-Hispanic Black	0.0532	0.0416
	(0.0289)	(0.0287)
Hispanic	0.0894*	0.0895*
	(0.0417)	(0.0419)
Non-Hispanic other	0.0738	0.0753
	(0.0662)	(0.0677)
Respondent has a will	-0.0430*	-0.0399*
	(0.0167)	(0.0172)
Ever received an inheritance		-0.0173
		(0.0136)
College graduate		-0.0167
		(0.0136)
Has children		0.0284
		(0.0207)
Age		-0.000684
		(0.000693)
Female		0.0261*
		(0.0129)
Single		0.0714***
		(0.0136)
Poor to fair health		-0.00172
		(0.0120)
Self-reported probability of leaving at least a $10,000 bequest	-0.278***	-0.256***
	(0.0181)	(0.0184)
Constant	0.318***	0.326***
	(0.0224)	(0.0651)
Observations	3,246	3,246
R2	0.231	0.242
Year FE	Year of death	Year of death

Notes: Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.
Source: Authors' calculations from the 1992-2018 HRS.

Table 6. *Relationship of Various Characteristics to Failing to Leave at Least a $100,000 Estate, 1992-2018*

	(1)	(2)
	Failing to leave at least a $100,000 estate	Failing to leave at least a $100,000 estate
Non-Hispanic Black	0.112***	0.0880**
	(0.0294)	(0.0293)
Hispanic	0.142***	0.134***
	(0.0385)	(0.0384)
Non-Hispanic other	0.0654	0.0549
	(0.0492)	(0.0507)
Respondent has a will	-0.0929***	-0.0749***
	(0.0188)	(0.0191)
Ever received an inheritance		-0.0344
		(0.0178)
College graduate		-0.0745***
		(0.0187)
Has children		0.00502
		(0.0254)
Age		-0.00246**
		(0.000816)
Female		0.0384*
		(0.0156)
Single		0.0816***
		(0.0167)
Poor to fair health		-0.0275
		(0.0146)
Self-reported probability of leaving at least a $100,000 estate	-0.495***	-0.453***
	(0.0171)	(0.0185)
Constant	1.093***	1.309***
	(0.0188)	(0.0738)
Observations	3,246	3,246
R^2	0.322	0.337
Year FE	Year of death	Year of death

Notes: Standard errors in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001.
Source: Authors' calculations from the 1992-2018 HRS.

Table 7. *Relationship of Various Characteristics to Failing to Leave at Least a $500,000 Estate, 1992-2018*

	(1)	(2)
	Failing to leave at least a $500,000 estate	Failing to leave at least a $500,000 estate
Non-Hispanic Black	0.102***	0.0769***
	(0.0129)	(0.0134)
Hispanic	0.0826**	0.0625**
	(0.0252)	(0.0241)
Non-Hispanic other	0.00267	0.00301
	(0.0437)	(0.0452)
Respondent has a will	-0.0701***	-0.0452***
	(0.0116)	(0.0122)
Ever received an inheritance		-0.0517**
		(0.0167)
College graduate		-0.132***
		(0.0197)
Has children		0.0106
		(0.0210)
Age		-0.00203***
		(0.000615)
Female		0.0310**
		(0.0118)
Single		-0.00463
		(0.0122)
Poor to fair health		-0.0415***
		(0.0115)
Self-reported probability of leaving at least a $500,000 estate	-0.654***	-0.601***
	(0.0264)	(0.0275)
Constant	1.070***	1.251***
	(0.0116)	(0.0556)
Observations	3,246	3,246
R2	0.297	0.325
Year FE	Year of death	Year of death

Notes: Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.
Source: Authors' calculations from the 1992-2018 HRS.

Appendix

Table A1. *Socioeconomic Status of Respondents with a Reported Estate Size, 1992-2018*

	(1)
	Exit interview reports an estate size
Black	-0.117***
	(0.0108)
Hispanic	-0.0722***
	(0.0150)
Non-Hispanic other	-0.0837**
	(0.0273)
Respondent has a will	0.129***
	(0.00871)
Homeowner	0.0706***
	(0.00834)
Nonhousing wealth ($100,000s)	0.0104***
	(0.00151)
Retired	0.0456***
	(0.00754)
Ever received an inheritance	0.0456***
	(0.0109)
College graduate	0.0544***
	(0.0118)
Has children	0.0527***
	(0.0124)
Age	0.000849*
	(0.000373)
Male	-0.0242**
	(0.00791)
Single	0.101***
	(0.00877)
Constant	0.0181
	(0.0320)
Observations	15,069
R^2	0.083

Notes: Standard errors in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001.
Source: Authors' calculations from the 1992-2018 HRS.

RECENT WORKING PAPERS FROM THE CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

How Can Social Security Children's Benefits Help Grandparents Raise Grandchildren?
Siyan Liu and Laura D. Quinby, June 2023

Forward-Looking Labor Supply Responses to Changes in Pension Wealth: Evidence from Germany
Elisabeth Artmann, Nicola Fuchs-Schündeln, and Giulia Giupponi, June 2023

What Factors Explain the Drop in Disability Insurance Rolls from 2015 to 2019?
Siyan Liu and Laura D. Quinby, May 2023

Why Do Late Boomers Have So Little Wealth and How Will Early Gen-Xers Fare?
Anqi Chen, Alicia H. Munnell, and Laura D. Quinby, May 2023

The Importance of Schools in Driving Children's Applications for Disability Benefits
Michael Levere, Jeffrey Hemmeter, and David Wittenburg, March 2023

Does the Drop in Child SSI Applications and Awards During COVID Vary by Locality?
Michael Levere, Jeffrey Hemmeter, and David Wittenburg, March 2023

What Factors Drive Racial Disparities in Housing Wealth Accumulation?
Siyan Liu and Laura D. Quinby, March 2023

What Matters for Annuity Demand: Objective Life Expectancy or Subjective Survival Pessimism?
Karolos Arapakis and Gal Wettstein, January 2023

How Will COVID Affect the Completed Fertility Rate?
Anqi Chen, Nilufer Gok, and Alicia H. Munnell, January 2023

County-Level Drivers of Disability Benefit Claims in Times of COVID-19
R. Vincent Pohl and David R. Mann, December 2022

Health, Disability, and the Evolving Nature of Work
Barbara A. Butrica and Stipica Mudrazija, December 2022

Racial Disparities in COVID-19 Experiences among Older Adults with Disabling Conditions
Marisa Shenk, Amal Harrati, Bernadette Hicks, and Ana Quiñones, December 2022

All working papers are available on the Center for Retirement Research website (https://crr.bc.edu) and can be requested by e-mail (crr@bc.edu) or phone (617-552-1762).