

wealth

State of Estate Planning Report

Estate planning is inaccessible to many people, misunderstood by most Americans and overlooked as a financial wellness benefit for employees.

Key Survey Findings

For many people, estate planning is inaccessible.

While 7 in 10 people say it's a personal goal to hand down wealth to family, only 53% have an estate plan. One barrier is a lack of knowledge about estate planning services, especially on how to get started. Another is generational: People whose parents have or had a plan are five times more likely to have an estate plan than people whose parents don't have a plan. We also found that people of color and in rural areas face added barriers.

Misperceptions get in the way of people setting up an estate plan.

The No. 1 preventer of estate planning is the notion that it's something to be done in the future rather than now. Another big misperception is that estate planning is only for people with wealth and valuable possessions.

Offering estate planning as an employee benefit would help overcome barriers and make the process more approachable.

Only 13% of respondents currently get estate planning as an employee benefit. More than 70% of those who don't have an estate plan say they'd be more likely to follow through with setting up a plan if it were offered through their employer.

Many people don't have an estate plan because they...

38%

actively avoid thinking about death

37%

have never considered it

40%

just haven't gotten around to it

Making Estate Planning More Approachable

Our survey reveals that estate planning shows all the telltale signs of an antiquated practice — one that's out of place in today's world. Often viewed as elitist, inaccessible and shrouded in silence, estate planning is full of words that people

don't understand, such as "executor," "trustee" and "revocable." It's also frequently still done the old-fashioned way, with paperwork, lawyers and financial advisers. As a result, this important segment of life and financial planning is underexposed, and not enough people are taking advantage of its critical benefits.

WHAT MADE YOU DECIDE TO CREATE AN ESTATE PLAN?

"I knew my parents had a will, so I felt it was important."

Accessibility Issues

One of the major findings of our survey is that estate planning is inaccessible to many people. There are several reasons for this inaccessibility, and some groups are affected more than others.

People say it's hard to get started, and hard to keep it current.

Among people who do have an estate plan in place, 46% say the hardest part of setting up the plan was figuring out how to begin. For respondents who don't have a plan, 23% say a top reason is that they don't know where to start, and 20% say they don't know anything about what estate planning entails.

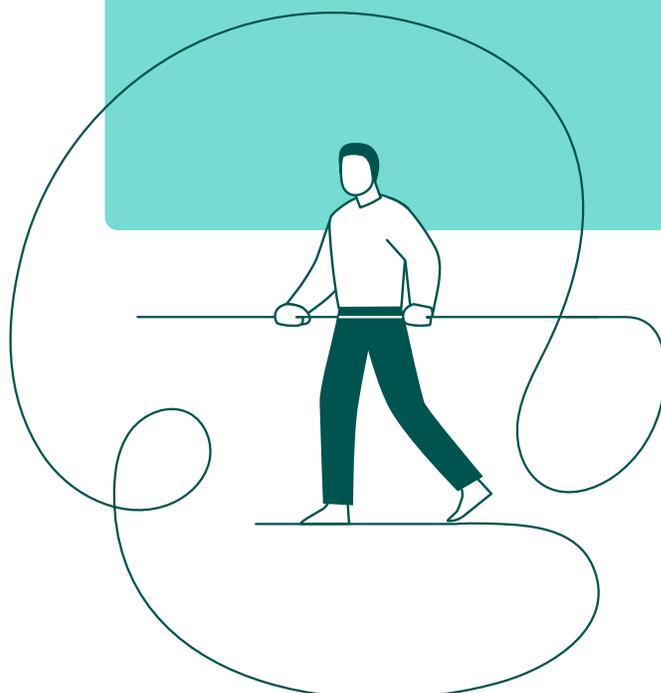
Our survey also revealed that respondents are less knowledgeable on estate planning services compared with other financial products. Only 48% of respondents consider themselves knowledgeable on estate

The words respondents most often associate with estate planning:

Important **53%**

52% Responsible

Smart **42%**



WHAT WAS THE MOST DIFFICULT PART OF SETTING UP YOUR ESTATE PLAN?

“Knowing that the right time to start was then.”

planning products, while 70% say they know about banking products such as mortgages and savings accounts, and 63% know about retirement savings accounts and insurance products. Estate planning services are also less commonly used than other services such as tax preparation and online legal services. Only 29% of respondents have used estate planning services.

The findings also suggest that once people have a plan in place, they find it difficult to keep it current. More than 50% of those with plans dread the prospect of updating them and say the process is time-consuming and expensive. Nearly 50% say that updating their plan is confusing.

There’s a generational wealth and knowledge gap.

Our survey findings suggest that parents are a major source of influence, and their behavior is also a predictor of whether their children have a plan. Nearly 70% of respondents said their parents have or had an estate plan in place, and of that group, 83% have set one up themselves. For respondents who said their parents don’t or didn’t have a plan, only 17% have their own plan in place.

While advice from a financial planner is the top driver of plan creation (29% say that was what made them decide to create an estate plan), it’s closely followed by advice from friends or family, with 27% saying these groups were a factor.

People of color and those who live in rural areas face added barriers.

We found that people who aren’t white and people who live in rural areas are less knowledgeable about estate planning and less likely to have an estate plan. People of color are 21% less likely to say they’re knowledgeable about estate planning

products and 14% less likely to have an estate plan. They’re also 42% more likely to cite not owning anything valuable and 30% more likely to say they don’t have enough money saved as reasons for not having a plan.

Among rural respondents, only 27% feel they are knowledgeable about estate planning products, compared with 66% of urban respondents. Rural respondents were also twice as likely as urban respondents to say they find the process of setting up an estate plan challenging and describe it as “tedious.”



Some people face added barriers

21%

People of color are 21% less likely to say they’re knowledgeable about estate planning

27%

of rural respondents consider themselves knowledgeable about estate planning

Key Misperceptions

Another big takeaway from our survey is that estate planning is prevented from having a greater impact because it's misunderstood in a number of ways.

⊗ **PERCEPTION**
Estate planning is something to do in the future.

✔ **REALITY**
Now is the time to start putting an estate plan in place.

The survey findings suggest that people are victims of human nature. The No. 1 reason respondents gave for not having an estate plan is "I just haven't gotten around to it" (40%), indicating that they don't consider it something they need to do right now. However, of those who do have a plan, 42% say they wish they had set it up sooner.

⊗ **PERCEPTION**
Only people with wealth and valuable possessions need an estate plan.

✔ **REALITY**
Estate planning should be for everyone.

Another common reason cited for not having an estate plan in place is "I don't have enough money saved," a response given by 23% of the survey

participants. Not owning anything valuable was also cited by 18% of respondents.

These results suggest that many people view estate planning merely as a way to hand down wealth, rather than as a selfless act to protect family members by not just leaving money but also accounting for end-of-life decisions such as medical directives and funeral costs.

However, among people who have an estate plan in place, the top reason cited for creating a plan was "to make sure my family is cared for," which was the response of 76% of estate plan holders.



⊗ **PERCEPTION**
Estate planning is depressing, stressful and anxiety-producing.

✔ **REALITY**
Making an estate plan is the sincerest act of love and care for your family.

For many people, estate planning is triggered by stressful life events such as serious illness or death, and 45% of respondents (including those who already have a plan in place) say they avoid thinking about death.

When people who have an estate plan in place were asked to describe the process of setting up a plan, the most common words they used were helpful, simple, empowering and relieving. But respondents who said they set up an estate plan in response to losing a loved one to COVID-19 were more likely to struggle with the process and describe it as confusing, tedious and depressing.

These findings suggest that when estate planning is done before a stressful life event, people tend to have positive attitudes about the process. When they wait until the last minute, it becomes more stressful and produces anxiety.

Biggest Misperceptions

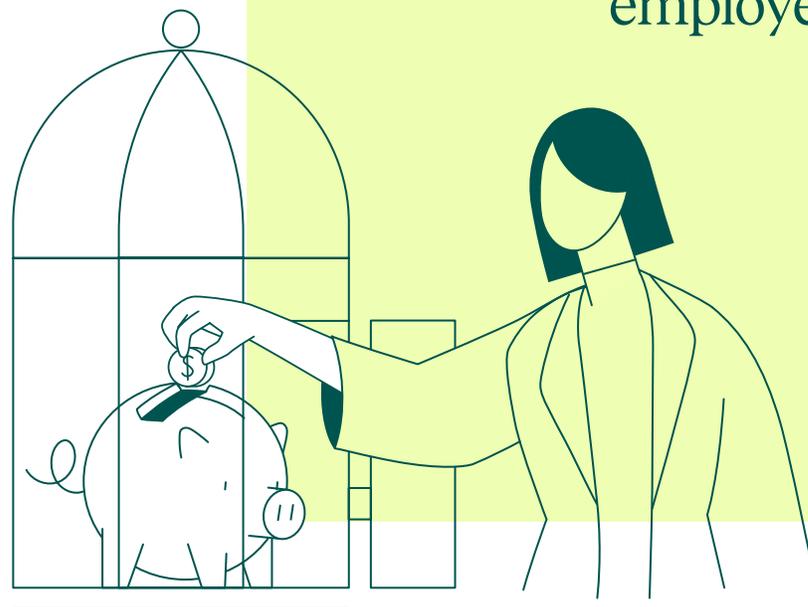
1 "It's not for me. I'm not old and wealthy."

2 "It's too depressing and scary to face — I can always do it later."

The Benefit of Benefits

Our survey findings suggest that if estate planning were treated as an essential service and offered as an employee benefit, then more people would set up a plan. Only 13% of respondents are currently receiving estate planning services as a benefit through their employer, but among those who aren't, more than 72% say they would be interested in using the benefit if it were offered. Furthermore, the same percentage of respondents said they'd be more likely to follow through with setting up an estate plan if it came through their employer instead of just pursuing it on their own.

There's also evidence that educating employees about the importance of estate planning would help drive plan creation. Of the respondents who are already educated about estate planning, 80% say they would be likely to use the estate planning benefit if it were offered.



WHAT MADE YOU
DECIDE TO CREATE
AN ESTATE PLAN?

“Free legal
services
from my
employer.”

WHY WAS IT IMPORTANT
TO PUT AN ESTATE PLAN IN PLACE?

“To not leave trouble
for loved ones in the
event of my death.”

Shine a Light on Estate Planning

As our survey findings make clear, estate planning is still considered a “private” conversation that people only have with close advisers and family members. But that means it’s also largely inaccessible to many groups of people. What’s more, some key misperceptions are keeping people from making estate planning a priority.

Adding estate planning as an employee benefit and empowering HR staff to educate their employees will help position estate planning as more of an important, life-affirming activity that’s done not just to protect and care for individuals and families but also for the greater good. It will also help dispel misconceptions, invite more people into the discussion and make the process more accessible and attainable.

Survey Statistics: At a Glance

What are the reasons people don't have an estate plan in place?

RESPONDENTS SAY:

- 40% I just haven't gotten around to it
- 23% I don't have enough money saved
- 23% I don't know how to begin
- 20% I don't know anything about it
- 18% I don't own anything valuable

What motivates people to have an estate plan?

RESPONDENTS SAY:

- 76% To make sure my family is cared for
- 36% To allocate valuable possessions
- 36% To specify my heirs
- 24% To specify my executor (or trustee)
- 22% To leave instructions for end-of-life care
- 19% To specify a healthcare agent
- 17% To donate to charity at my death
- 15% To leave out certain family members
- 12% To leave funeral instructions
- 4% To do tax planning
- 3% It's a status symbol

What made someone decide to set up an estate plan?

RESPONDENTS SAY:

- 29% Advice from a financial planner
- 27% Advice from friends or family
- 22% Higher salary or income from investments
- 20% The birth of a child
- 18% Serving as an executor or trustee

What was the most difficult part of setting up an estate plan?

RESPONDENTS SAY:

- 46% Figuring out how to start
- 33% Organizing or reviewing legal documents
- 32% Dealing with advisers and lawyers
- 29% Coordinating with my partner or spouse
- 27% Dealing with costs/fees
- 27% Transferring assets into my trust
- 19% Sorting out health instructions
- 15% Understanding the full picture of my estate
- 13% Sorting out tax problems

The percentage of people who rate themselves as either somewhat or very knowledgeable about the following financial products and services:

- 70% Banking products (car loans, mortgages, savings accounts, etc.)
- 63% Retirement savings (401(k)s, IRAs, etc.)
- 63% Insurance products (health, life, etc.)
- 55% Securities investing (stocks, mutual funds, etc.)
- 48% Estate planning (e.g., wills, trusts, etc.)

For those who do have estate plans, what elements does it include?

RESPONDENTS SAY THEY:

- 60% Have a will
- 53% Have life insurance
- 38% Have a living trust or revocable trust
- 35% Have power of attorney
- 33% Have end-of-life health decisions
- 26% Have a list of passwords, assets or accounts
- 26% Have funeral arrangements
- 22% Have a letter of wishes
- 20% Have end-of-life expense coverage
- 19% Have an irrevocable trust
- 19% Have beneficiary designations
- 18% Have charitable donations
- 9% Have tax gifts to loved ones

Survey Statistics (Continued)

How do people manage their estate plans?

- 75% Of plan holders have an attorney whom they regularly use to check or update their estate plans
- 29% Of plan holders say they have used an estate planning financial service in the past
- 25% Of plan holders are using an estate plan account or financial product

How do people view the process of keeping an estate plan up to date?

RESPONDENTS SAY:

- 78% They have a good understanding of when they should update their trust or estate plan.
- 57% Keeping their trust or estate plan up to date is time-consuming.
- 56% Keeping their trust or estate plan up to date is expensive.
- 53% They dread having to update their trust or estate plan.
- 51% They worry about what will happen to their assets after they pass.
- 49% Keeping their trust or estate plan up to date is confusing.
- 44% They don't have a great understanding of all that their trust or estate plan includes.

How does losing a loved one to COVID-19 affect someone's estate planning decisions?

Respondents who lost a loved one to COVID-19 are 11% more likely to have set up an estate plan and 33% more likely to have found the process difficult.

- They're 32% more likely to cite fear about the world as a reason they set up an estate plan and 48% more likely to cite injury, sickness or death of a friend or family member.

Estate planning is less accessible to rural people:

18% of rural respondents describe setting up an estate plan as an easy process (compared with 40% of everyone else).

- They were twice as likely to describe the process of setting up a plan as tedious (14%).
- They were less likely to describe the experience as helpful (36%) or fast (14%).
- They were even more likely (43%) to describe it as relieving once the process was done.

People of color (POC) face additional barriers:

- POC are 14% less likely to have an estate plan in place than non-POC respondents.
- Among respondents who don't have a plan in place, POC were 21% more likely to say they've never considered setting up an estate plan before.
- POC are 42% more likely to say they don't own anything valuable as a reason they don't have an estate plan and 30% more likely to say they don't have enough money saved than non-POC.
- POC are 23% more likely to find the process of setting up an estate plan difficult and 23% more likely to find it difficult to manage on an ongoing basis.

Estate planning and employee benefits:

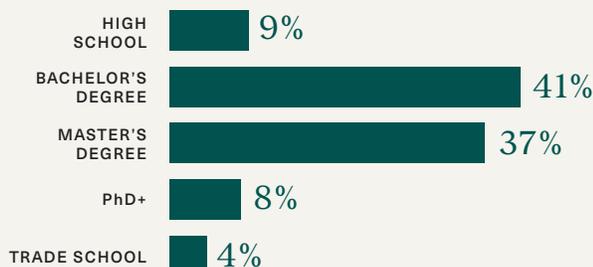
- 13% of respondents are currently receiving estate planning services as a benefit through an employer. Of the remaining 87%, more than 72% would be interested in using estate planning services if they were offered by their employer.
- 72% of those without an estate plan say they'd be more likely to set up a plan if their employer offered it as part of a benefits package. Among those who say they're already knowledgeable on estate planning services, 80% say they'd be likely to use the benefit to set up a plan.

About the Study

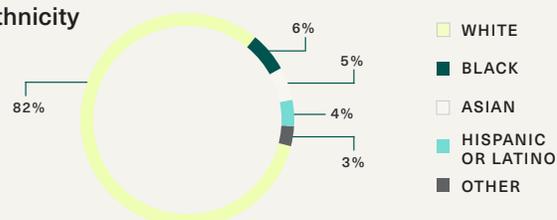
The State of Estate Planning Survey Factbook

Respondent Profile

Education Level



Ethnicity



Gender



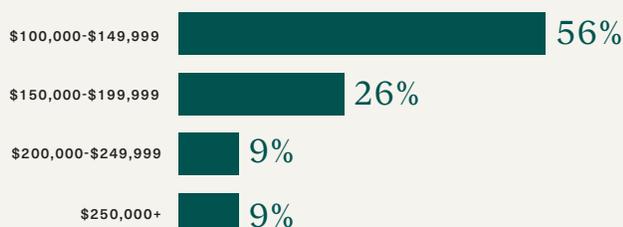
Average Age

39.8

Community



Household Income



To learn about current attitudes and behaviors around estate planning, Wealth commissioned a survey of employed adults in the U.S. The online survey, conducted in December 2021 by WALR in partnership with Manifest, surveyed 10,000 people ages 30 to 55 with household incomes of at least \$100,000.

All panelists passed a double opt-in process and completed on average 300 profiling data points before taking part in surveys. Respondents were invited to take part via email and were given a monetary incentive for doing so.

About Wealth

Wealth empowers everyday people to set up and manage their estate plans, and gives companies the opportunity to offer a uniquely meaningful benefit to their employees.

Visit wealth.com to learn more.