

# Planning For Family Asset Transfers

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*Estate planning is an important aspect of individual and family financial management and of comprehensive financial planning. However, systematic investigation of consumer involvement with and knowledge about estate planning has been limited. This paper reports the results of research about asset transfer planning among a group of Utah men and women. In general, regardless of sex, these respondents had little involvement with and low levels of knowledge about estate planning. However, they considered it an important part of family financial management.*

**KEY WORDS:** *estate planning, asset transfer, financial management*

The transfer of assets during life or at death is an important aspect of family financial management. Anticipatory decision-making about asset transfers is commonly called "estate planning". There is consensus among educators, financial planners and counselors, lawyers, and other professionals that estate planning is an essential component of comprehensive financial management (Dukeminier and Johanson, 1984; Gitman, 1984; Hallman and Rosenbloom, 1987; Foundation for Financial Planning, 1986). Estate planning is also recognized by consumers as an important aspect of financial management. Ulivi (1981) found that Arkansas households ranked estate planning 13th in importance out of 19 financial plan features. However, factor analysis of their responses revealed that estate planning was one of the major financial dimensions of interest to consumers.

Few people, however, possess the sophisticated knowledge needed to understand the legal complexities associated with asset transfer. To make effective decisions about estate planning, family members need to be aware of the legal parameters and financial consequences of the alternatives available to them. To gain maximum benefit from the laws regulating asset transfers, they must be fully informed about the purposes and the advantages and disadvantages of each alternative. The potential impact of such decisions on the present and future well being of all family members should be considered. In addition, consumers must make informed choices about professional services.

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### The Legal Framework for Estate Planning

A diversity of laws affect estate planning, including state laws regulating property rights, intestate distribution, wills, trusts, probate, the taxation of gifts and death transfers, and federal income, gift, and estate taxes. These state and federal laws impose economic costs and benefits on the alternatives available for transferring assets.

The foundation of any plan for the transfer of assets at death is the will. A recent study (Smith, Kish, & Crawford, 1987) reported that the basic pattern in will provisions is to favor close relatives over distant kin and kin of higher reproductive value over those of less value in this area. Wealthier decedents were found to favor male kin and poorer decedents to favor female kin. Such data, however, tend to obscure the fact that the majority of decedents have no will. The American Bar Association's (ABA) national survey on The Legal Needs of the Public (Curran, 1977) found that 30 percent of men and 29 percent of women reported having made a will or established a trust. Those with wills or trusts had substantially higher mean income and mean education. Since 70 percent of the population do not have a will or trust agreement (Curran, 1977, p.111), state intestate distribution laws are important. The intestacy laws of the state determine in advance the disposition of the decedent's estate when he or she does not have a will or trust agreement or some other legally-recognized provision for the transfer of property rights at death. The surviving spouse is not necessarily the favored heir in these statutes.

### Knowledge of Estate Planning

It is important that both men and women be knowledgeable about and involved in decisions about family asset transfers. As a result of the continuing likelihood that women will outlive their husbands, changing patterns of task assignment between husbands and wives, escalating divorce rates, and more women choosing to remain single, women are increasingly responsible for their own as well as for family financial decision-making. The mean age difference between husbands and wives at marriage is five years (U.S. Bureau of the Census, 1990, p.88). A 35 year old white female would have a life expectancy over 10 years greater than her 40 year old husband (U.S. Bureau of the Census, 1990, p.74). Widowhood forces surviving spouses to be involved with estate matters whether they desire to or not. The estate of the surviving spouse, which

is likely to include much if not all of the decedent spouse's property, must be managed during the surviving spouse's lifetime, and decisions made about its transfer at the time of his or her death. The ABA survey reported that the median estate size for surviving female spouses was approximately 2.3 times as large as that for surviving male spouses.

Simon, Fellows, and Rau (1982) found that only 44.6 percent of their respondents answered a question about intestate distribution correctly or nearly so. However, because subtleties in the law were ignored, and assumptions most favorable to the accuracy of the respondents' answers were made, these researchers concluded that this was probably a substantial overstatement of the respondents' actual knowledge of intestacy laws.

After making an informal survey among a group of male attorneys, Lewis (1973) reported that 95 percent said they had never had an in-depth, serious, and meaningful discussion with their wives concerning estate planning and their ultimate objectives. Yet, all the wives stated they were aware of the importance of estate planning, would like to learn more through special study or exposure to it, and would exert themselves to accomplish these goals.

Weiss (1981) found that not only were women interested in estate planning and in learning how to use the process effectively, but 66 percent of the respondents said they were involved in the estate planning process, and most of these had high involvement, as defined by the study. This contrasts with the ABA (Curran, 1977) findings that more than two-thirds of the men and women interviewed had not made a will or trust agreement. While the Weiss and ABA studies provide some information about the extent of involvement with some aspects of estate planning beyond the anecdotal data from professional colleagues and their wives reported by Lewis (1973), the focus of these studies was limited.

Since little empirical data is available about the involvement with estate planning or knowledge about planning principles and legal rules of asset transfers, this paper seeks to ascertain the level of knowledge of and involvement in estate planning for a sample of Utah residents.

It was hypothesized that (1) estate planning does not play a significant role in financial management practices, and (2) people have low levels of knowledge about estate planning principles and laws regardless of gender.

This paper reports the results of two studies designed to systematically investigate involvement in asset transfer decisions and the amount and kind of knowledge men and women have about selected federal and state laws that affect asset transfers. Since laws regulating asset transfers vary, these studies focused on the laws of the state of Utah (which is *not* a community property state) as they existed at the time of the research.

### Methodology

#### *Sample*

Thirty-five women and 35 men were randomly selected from the telephone directories of each of six geographic regions of Utah and contacted by mail. The six regions reflect the diversity of the state's population including urban, small town, rural non-farm, and farm areas. Of the 210 women and 210 men contacted in 1985-86, 74 (35%) of the women and 71 (34%) of the men returned useable questionnaires. Although an effort was made to increase the response rate by paying respondents a \$10.00 participation honorarium and making multiple contacts, two factors affected the response rates. First, publicity about several recently uncovered investment scams in Utah created a reluctance of some of the sample contacted to provide any kind of financial information. Second, some respondents were unwilling to provide information for a research study associated with the sponsoring university, a church-supported institution, although they were assured information would be held in confidence and reported only as grouped data.

A comparison of the sample with the 1980 Census of Population for Utah (U. S. Dept. of Commerce, 1983) indicates respondents underrepresented urban and rural farm areas and overrepresented small towns.

#### *Procedure*

A letter explaining the purpose of the study and the questionnaire were mailed to the selected samples on February 1, 1985 and 1986. An honorarium of \$10.00 was paid for each useable questionnaire returned by February 15. Telephone contact was made to secure any missing data or responses, after which personal identification information was removed.

Two research instruments were included with the letter of explanation mailed to the respondents. A structured questionnaire was used to obtain information

about the respondent's involvement, either alone or in partnership with her or his spouse, in a variety of estate planning activities. A self-administered, 32-item true-or-false test developed for these studies was used to evaluate each respondent's level of knowledge about federal and state laws regulating estate planning.

Undeliverable questionnaires were replaced by contacting the first name preceding that of the originally-selected respondent in the telephone directory, followed by that of the succeeding name. Through this means, all uncontacted respondents were replaced. Although the response rate in both studies was low, the respondents were sufficiently diverse to provide useful information about estate planning involvement and to evaluate the usefulness of the knowledge test instrument.

#### *Data Analysis*

Chi square was used to analyze differences in test scores for the independent variables. The Hoyt Reliability Test (Hoyt, 1941) was used to evaluate the reliability of the Knowledge Test.

## Results

#### *Characteristics of Respondents*

Six demographic characteristics and two economic status variables were used in analyzing the data: age, marital status, geographic location, education, employment status, occupation, income, and estimated estate size (Tables 1 and 2). As the data in Table 1 show, the typical respondent was married, less than 35 years of age, lived in a small town, and had graduated from high school or had some college. In general, the women were older and less likely to be presently married than the men. Fewer women lived in urban locations. Women also reported higher education levels. About half of the women were retired or not employed outside the home.

Table 1  
Demographic Characteristics of Women and Men Respondents

Characteristic	Women %	Men %
<b>Age</b>		
Less than 35 years	40.5	43.7
35-44 years	13.5	22.5
45-64 years	9.7	24.0
65 and over	16.2	9.9
<b>Marital Status</b>		
Single	4.1	4.2
Married	83.8	94.4
Formerly married	12.2	1.4
<b>Geographic Location</b>		
Urban	33.8	39.4
Small town	59.5	56.3
Rural and farm	6.8	4.2
<b>Educational Level</b>		
Less than high school	0.0	9.9
Some high school	10.8	23.9
High school graduate	35.1	33.8
Some college	35.1	21.1
College graduate or more	18.9	11.3
<b>Employment Status</b>		
Unemployed or retired	18.9	15.5
Employed 29 hrs/wk or less	28.4	2.8
Employed 30 hrs/wk or more	20.3	81.7
Not employed outside home	32.4	0.0
<b>Occupational Category</b>		
Professional-administrative	17.6	43.6
Clerical-service	31.1	15.5
Other and No Occupation	51.4	40.8

Table 2  
Financial Status: Women and Men

	Women %	Men %
<b>Household Income:</b>		
Less than \$15,000	36.5	16.9
\$15,000-\$24,999	25.7	26.8
\$25,000-\$34,999	20.3	18.3
\$35,000 or more	16.2	33.8
Insufficient information	1.4	4.2
<b>Estimated Estate Size:</b>		
Less than \$50,000	24.3	26.8
\$ 50,000-\$ 99,999	28.4	21.2
\$100,000-\$199,999	23.0	26.8
\$200,000-\$299,999	8.1	12.7
\$300,000 or more	6.8	8.4
Insufficient information	9.5	4.2
<b>Annual Savings:</b>		
None	45.9	35.2
\$1,000 or less	17.6	18.4
\$1,001-\$2,000	13.6	12.6
\$2,001-\$3,000	13.6	9.8
Over \$3,000	8.4	23.9
Doesn't know	1.4	0.0

Women who were employed outside the home most frequently worked in clerical or service occupations. In contrast, men respondents were more likely than the women to be employed full-time and to work in professional or administrative positions. Slightly more than half of the women and almost two-thirds of the men had children under the age of 18, an important factor in estate planning because of legal responsibility for parental support and the need to designate guardianship in the event of the death of both parents.

The women reported lower annual household income levels than the men with more than half of the women reporting less than \$25,000 and more than half of the men reporting more than \$25,000.

The estimated estate size reported by the women (between \$75,000 and \$99,999) was also lower than that reported by the men (between \$100,000 and \$199,999). Approximately three percent of each group estimated the size of their estate or their joint estate with their spouse to be in excess of \$500,000.

The men were more likely than the women to be involved in saving on an annual basis and tended to save larger amounts each year. Savings behavior is one indicator of the potential for accumulating assets that would need to be disposed of in the event of death.

#### *Estate Planning Involvement*

Respondents were asked a series of questions to determine their involvement with estate planning. As Table 3 shows, these respondents had relatively little experience with the more sophisticated aspects of estate planning.

In general, neither the women nor the men had developed an overall estate plan. Of the 30 women and 27 men who had an overall plan for the distribution of their property at death, 20 (13 and 7) reported some type of triggering event had motivated them to prepare such a plan. The events reported varied, but death, illness, and inheritance accounted for thirteen of them. These are events which force the individual or family into decision-making about asset transfers.

Most of these respondents had neither a formal nor an informal will and had not established any kind of trust. They had not made sizable taxable gifts to charity, to their children, or to any other persons.

As indicated in Table 4, when these respondents sought advice from some other party about an estate planning problem or decision, their most frequent



Table 3  
Involvement with Selected Aspects of Estate Planning

	Women %	Men %
An overall plan for distribution of property in the event of death is in existence	40.5	38.0
Created formal will with assistance of attorney	31.1	25.4
Has created an holographic will	10.5	16.9
Has a will at the present time	37.8	35.2
Has updated will in the past year	4.1	12.7
Has created a trust with the assistance of an attorney	4.1	7.0
Has made a gift in excess of \$10,000 in any one year to someone other than spouse	0.0	2.8
Has made a large gift to one or more charities in excess of usual annual contributions	2.7	4.2
Has purchased life insurance either through employer's group plan or from individual insurance provider	59.9	80.3
Has reviewed life insurance needs and coverage in the past year	25.7	47.9
Has updated life insurance beneficiaries in the past year	26.1	39.4
Has an active saving and investment program for accumulating assets	54.1	63.4
Has placed money or property in a trust for the benefit of someone else	5.4	12.7
Along with spouse, has developed a plan for distribution of family assets in event of the death of either or both	40.5	47.9
Has been fully involved in family decisions about disposition of family assets in event of death of either or both	78.4	80.3

source of information was a family member for the women and an insurance agent for the men. The family member from whom advice was most frequently sought by both women and men was their father. Son and husband were also reported by the women. This reflects the historical reality of property ownership in the English common law tradition and a cultural bias that the family patriarch and then other male family members are most likely to be knowledgeable about such matters. As the Knowledge Test results reported later indicate, this assumption is erroneous.

Most respondents reported they did not presently have a professional relationship with an attorney. Fifteen women and five men reported they had not sought information or advice about estate planning matters from anyone.

The majority of these women and men were involved with the simpler aspects of estate planning. Many respondents had purchased life insurance on themselves. About half of those who had life insurance policies reported they had recently reviewed their policies and many of these had updated their beneficiaries. Many of the respondents also had a savings/investment program, indicating some effort to accumulate assets which would then be available for transfer. Savings and investment accounts often provide for the designation of a beneficiary to receive the proceeds in the event of the death of the account owner. The most frequently reported amount accumulated in savings/investment accounts was under \$1,000 for the women and over \$3,000 for the men.

These respondents did not have much experience with estate planning as beneficiaries. Their spouses usually had no will, and they were not beneficiaries of someone else's trust. They did not participate in joint property ownership with anyone other than their spouse, either as joint tenants or as tenants in common.

More than half of the married respondents had no involvement with their spouses in creating a property distribution plan in the event of the death of either spouse. For the majority of these respondents, joint tenancy ownership or the intestate distribution laws of the state will determine how family assets are distributed in the event their spouse dies.

There appeared to be shared communication for those who were married between themselves and their spouses about the location of important

documents, both their own and their spouse's. Most reported they were fully involved in whatever decisions had been made about family estate planning matters. However, there was no way to determine from the data the extent to which their spouses may actually have done estate planning without discussing it with them or involving them actively.

Neither the respondents nor their spouses, for those who were married, had an on-going professional relationship with an attorney. In spite of this, both women and men who were married were confident that they would know what to do to settle a spouse's estate if he or she should precede them in death.

When asked how they felt about being involved in estate planning, the overwhelming response was "It is important, but. . . ." The "but's" varied somewhat but in general reflected a procrastination based on lack of knowledge about how to proceed or a feeling that, because of their age, there was plenty of time before it needed to be done. Of particular interest was one respondent's frank comment that estate planning is a "necessary evil".

More than half of the respondents (51.4% of the women and 63.4% of the men) had children under the age of 18, the age of majority in the State of Utah. However, only 42 percent of the women and 40 percent of the men with minor children had made some provision for the guardianship of their minor children in the event of the death of both parents. Of these, 26.3 percent of the women and 22 percent of the men with minor children had stipulated the guardianship for those minor children in a will. A will is the only legally valid way for parents to designate guardianship of minor children in Utah. The remaining six women and eight men who said they had specified guardianship for their minor children had done it either in written instructions or through verbal arrangements. Neither of these methods has any binding legal force in Utah. One of the relatively minor issues in estate planning is the storage and accessibility of estate planning documents. Slightly more than one-fourth (27.0%) of the women and one-third (35.2%) of the men reported using a safe deposit box for the storage of important documents. Most of the rest kept their important documents at home. Few left them with an attorney.

Table 4  
Financial Advisors Consulted About Estate Planning<sup>a</sup>

	Women %	Men %
General Practice Attorney	20.3	18.3
Estate Planning Attorney	5.4	8.5
Banker	2.7	4.2
Insurance Agent	13.5	28.2
Accountant/Tax Advisor	5.4	11.3
Financial Planner	5.4	11.3
Family Member	23.0	23.9
Husband	4.1	1.4
Father	10.8	16.9
Son	5.4	1.4
Other	2.7	4.2

<sup>a</sup>A given respondent may have checked more than one advisor.

Experience with trusts was negligible among these respondents. Less than one-fifth (16.2%) of the women and one-fourth (22.5%) of the men were aware they were beneficiaries in a trust established by someone else. Four women (5.4%) and 9 men (12.7%) had been involved in creating a trust document themselves. In identifying the kind of trust they had established, six used such terms as "family" trust or "inter vivos" trust. Seven men reported they had a testamentary trust and two reported irrevocable trusts. Some of the men reported more than one type of trust. Two women were unable to use one of the common designations to describe their trust documents.

Eighteen women and sixteen men (about half of those with a current will) reported having a joint will with their spouse. Such wills seem to be popular with both attorneys and their clients in Utah. Considering the disadvantages of such wills, some attorneys may be recommending a simplistic solution to clients. Or perhaps clients may be insisting on this type of will to reduce legal costs or limit their spouse's alternatives for distributing property after their own death.

*Estate Planning Knowledge*

The items included in the Estate Planning Knowledge Test (see Appendix A) were categorized into eight aspects of estate planning: wills, federal/state tax law, intestate succession, property ownership, spousal elective share, and general estate planning. Items in the Knowledge Test instrument distributed to the respondents were not categorized in this way but were intermingled randomly.

Correct responses on the Knowledge Test ranged from 0 percent to 81 percent for the women and 19 percent to 88 percent for the men. The mean score for the women was 14.39 items (45%), S.D. = 6.44, and for the men was 15.68 items (49%), S.D. = 4.73. The Hoyt Reliability Test result was 83.5 percent for the women and 66.4 percent for the men, compared with the 70 percent considered acceptable in this test for a good instrument.

The statement that received the highest number of correct responses in both groups was #14, the definition of a will. The question most frequently answered incorrectly by the women was #32 about the elective share. Number 32, about the elective share, and #26, about the economic impact of Utah's inheritance tax law, were most frequently answered incorrectly by the men.

The mean percent correct for each estate planning area revealed that about three-fourths of the respondents answered the questions about trusts correctly. Approximately one-half answered questions about wills, probate, property ownership, and intestate distribution correctly. The areas in which respondents were least knowledgeable were federal/state taxation, the general purpose of estate planning, and the principle of the spousal elective share. The spousal elective share in Utah law provides some protection to a surviving spouse from being disinherited in their decedent spouse's will. It is a more modern concept replacing the dower and curtesy rights of English common law still included in the laws of some states.

*Knowledge Test Score*

The Knowledge Test scores for the respondents were divided into three knowledge levels--high (76-100%), medium (50-75.9%), or low (0-49.5%).

Table 5  
Levels of Estate Planning Knowledge: Women and Men

Knowledge Level	Women	Men
Low (0-49.5)	(40) 54.1%	(31) 43.7%
Medium (50-75.9)	(30) 40.5%	(39) 54.9%
High (76-100)	(4) 5.4%	(1) 1.4%

As Table 5 shows, more women than men had a high level of knowledge, although the number was very low for either gender. More than half the men (54.9%) had a medium level of knowledge compared to less than half of the women. The majority of women (54.1%) had low knowledge scores. More than two-fifths (46%) of the women compared to 56.3 percent of the men answered one-half or more of the test statements correctly. These results do not provide strong support for the social expectation that men are much more knowledgeable about estate planning than women.

The eight independent variables (age, marital status, geographic location, education level, employment status, occupational category, family income, and estate size) had no independent effect on the Knowledge Test Scores for these respondents.

One factor which may have had a significant effect on the outcome of this study was the decision to allow respondents to answer "don't know" in addition to true or false. This was done to lower the anxiety level of the respondents and get a more accurate picture of their pattern of understanding. The greater likelihood of the women to indicate "don't know" and of the men to either guess

true or false or really believe they knew the correct answer makes the differences in correct answers noted between the two groups less convincing than they otherwise might have been.

*Knowledge Test Items*

When responses to each individual item on the Knowledge Test were analyzed for relationships to the eight independent variables, some statistically significant relationships were found (Tables 6 and 7). There was no significant relationship between age for the women and educational level for the men and their responses to any of the inventory statements. Of the remaining independent variables, estate size for the women and family income for the men were significantly related to the largest number of individual items, six and eight respectively. There was no pattern of significant relationship with any of the topic areas.

*Information Level About Legal Aspects of Asset Transfer*

The Knowledge Test scores revealed a relatively low information level among respondents about the legal aspects of estate transfer. Lack of information could be revealed on the Knowledge Test in one of two ways: a recognized absence of information indicated by a "don't know" response or an incorrect assumption of knowledge indicated by incorrectly identifying a statement as being true or false. The women were more likely to respond "don't know" (perhaps indicating they recognized they lacked information), while the men were more likely to respond with an incorrect answer.

Most (89.2%) of these women answered 25 percent or fewer of the items incorrectly by agreeing with an incorrect statement or disagreeing with a correct statement, and no woman answered more than half the statements incorrectly in that manner. Two-thirds thought they knew the correct answer on at least one-half of the inventory statements.

For the men, however, less than half (46.5%) answered 25 percent of the items incorrectly, and 4.2 percent of them answered more than half the statements incorrectly. Almost all of the men (95.8%) thought they knew the correct answer on at least one-half of the inventory statements.

In contrast, about two-thirds of these women responded "don't know" up to 50 percent of the time, while 32.9 percent responded "don't know" to more than one-half of the statements. For the men, however, almost four-fifths (81.7%) responded "don't know" to 50 percent or fewer of the inventory statements, and

less than 20 percent (18.3%) indicated "don't know" to more than half of the statements. None of the men, compared to almost 10 percent of the women, responded "don't know" to more than three-fourths of the statements.

## Discussion

### *Involvement*

The involvement of these men and women with various aspects of estate planning is mixed. They report active involvement in whatever estate planning takes place in their households but have little involvement with the more sophisticated elements. Involvement with trusts is rare, and the proportion of those who have prepared wills is consistent with the approximately 30 percent reported in other studies (Curran, 1977). These respondents are quite actively engaged in the use of life insurance and in saving as a form of asset accumulation. Their restricted involvement in estate planning is consistent with the amount of monetary resources involved, as reflected in both family income and estimated estate size. Their circumstances do not require complex estate transfer arrangements. There is a serious omission, however, relative to the use of wills to establish guardianship provisions for the care of minor children. This information supports the hypothesis that estate planning does not play a significant role in their financial management practices.

As Table 4 reveals, professional advisors, including attorneys, are used relatively little. However, even in this limited sample, four women (5.4%) and eight (11.3%) men reported they had consulted with a professional financial planner about estate planning, suggesting that some are beginning to see the interrelatedness of estate planning with the other components of comprehensive financial planning.

### *Knowledge*

Although some individual items on the Knowledge Test were related to some of the eight independent demographic variables studied, overall scores were not significantly influenced by such descriptive characteristics. This means that even as these women and men obtained more education, became older, worked in higher-income occupations, or had employment outside the home, they were no more likely to have learned about estate planning. Even marital status, which could be viewed as an indicator of some experience with asset transfer, had no significant influence on the Test scores.



Problems with this study are associated with whether the responses reflect a serious attempt on the part of these women and men to respond to the Knowledge Test and whether their responses reflect input from someone other than themselves. Does it accurately reflect the knowledge of these respondents, or were other persons consulted, an information search made, or any answers given just to complete the task and receive the \$10.00? Given the relatively low knowledge scores, it seems unlikely that the respondents sought information from other sources. A check of the questionnaires indicated that no single respondent chose only one of the possible responses for every question. This suggests that a serious effort was made by every respondent to adhere to the written instructions they received with the questionnaire.

The results presented here indicate that, in general, neither men nor women are well prepared to assume the technical aspects of decision-making required in estate planning. Their Knowledge Test scores support the second hypothesis that both men and women have low levels of knowledge about estate planning principles and laws. However, the women were apparently more likely to recognize their lack of knowledge, often responding that they did not know about the information contained in a statement on the Knowledge Test, rather than agreeing or disagreeing incorrectly with a statement. The men were more likely to respond incorrectly.

Opportunities for learning about estate planning matters by trial and error or experience are relatively limited. A concerted effort to educate the consuming public about the purpose of estate planning and the rules and regulations affecting individual and family decisions in this area is necessary. Such an educational effort would require a cooperative effort on the part of public school, community, and extension education programs, financial institutions, and professional groups most directly concerned with estate planning.

Table 6  
 Significant Chi Square Values Between Eight Independent Variables  
 and Thirty-Two Knowledge Test  
 Items: Women N = 74

Item	Age	Marital Status	Geog. Loc.	Educ. Level	Emp.	Occup. Categ.	Family Income	Estate Size
1			10.54*					
5								28.46*
8					14.83*		27.4*	
9								29.34**
10								26.75*
14		19.48**						
15			13.25*					
16				15.79*				
17								25.54*
18								33.77**
19								23.81*
20		15.58*			13.05*		26.86*	
22				18.29*				
23		21.38**						
24				16.18*				
27							33.09**	
32						35.46**		
d.f.	10	6	4	8	6	10	16	14

\* P < .05

\*\*P < .01

### Summary and Research Implications

This research suggests there is a significant public education task facing consumer professionals advocating comprehensive estate planning as part of an individual's or family's efforts to secure financial well-being. The results also indicate that the Knowledge Test was quite effective in measuring levels of knowledge about legal aspects of asset transfer among this group of Utah women, but was somewhat less so among the men. A revised instrument with more generic content and omitting "don't know" responses needs to be tested

Table 7  
 Significant Chi Square Values Between Eight Independent Variables  
 and Thirty-two Knowledge Test  
 Items: Men N = 71

Item	Age	Marital Status	Geog. Loc.	Educ. Level	Emp.	Occup. Categ.	Family Income	Estate Size
1							22.21**	
3							16.37*	
4			11.37*					
8							16.47*	
10	12.60*							
11							18.49*	
12							21.79**	
13		15.11*						
15				23.85**				
17		14.54*						
19				10.93*				
20					11.11**			
22		12.64*				13.68*	16.25*	
26	18.12**						20.6**	
29						16.27*		
30		12.64*				13.16*		
31			11.50*					
32							16.64*	23.92*
d.f.	4	6	4	10	4	6	8	14

\* P < .05  
 \*\*P < .01

for gender bias and also with other groups--for example, in other states and in student groups--to measure the effectiveness of using the instrument as a pre- and post-test measure of treatment success.

In addition, a precise measure of experience based on actual involvement with the various aspects of estate planning and asset transfer may prove to be one factor, if not the significant factor, influencing Knowledge Test scores. For example, making a will, setting up a trust, or serving as executor of an estate represent involvement with specific aspects of estate planning that may force the participant to learn information not otherwise available to them through the

formal education system. Further research in this direction should be done rather than focusing on demographic variables to explain differences.

For the most part, these Utah men and women, as individuals or as spouses, did not have an overall estate plan. Their estate transfer decisions were piecemeal and seemingly unrelated. Their responses reflected a lack of motivation to develop a comprehensive plan--most of them indicating that, although they considered estate planning to be important, they did not see its specific relevance to their lives at the particular time they participated in the research project.

Appendix A

Estate Planning Knowledge Test Items and Percent of Respondents Answering Each Correctly

Statement	Women	Men
<u>Wills</u>		
1. If a person does not make a legally valid will, legal title to their money and property will be transferred at death in whatever manner their surviving family members decide is best. (F)	41.9	57.7
2. In the State of Utah, guardianship for minor children, in the event of the death of both parents, can be legally designated by the parents only in a will. (T)	36.5	32.4
14. A will is a legally valid document in which an individual tells the probate court how his or her property should be handled after death. (T)	85.1	93.0
15. A holographic will (one that is dated, written, and signed entirely in the handwriting of the individual whose will it is) may be as legally valid as a formal, witnessed will drawn up by an attorney. (T)	67.6	76.1
16. It is better to create a holographic will and save the money you would have to pay an attorney to draw up a formal, witnessed will for you. (F)	63.5	69.0
27. A letter of last instructions is a legally binding document requiring the decedent's surviving spouse or family to do what the decedent instructs in the letter concerning burial arrangements, funeral services, etc. (F)	17.6	15.5

## Planning for Family Asset Transfers

### Probate

3.	If a person dies "intestate" (without having a legally valid will), their estate will avoid the probate process and its attendant costs. (F)	62.2	63.4
5.	Any property that avoids going through the probate process will not have a federal estate tax imposed upon it. (F)	31.1	38.0
10.	The Uniform Probate Code in the State of Utah permits the use of informal probate proceedings, which considerably reduces the cost of probating a deceased person's estate. (T)	25.7	36.6
24.	Probate is a legal process in which ownership of property is transferred by clear legal title to a live person or an organization from a deceased person. (T)	59.5	80.3
28.	The advantages of the probate process include the orderly and complete distribution of all the decedent's property. (T)	51.4	57.7
29.	You can avoid the probate process by not making a will. (F)	73.0	74.6
31.	The probate process sets time limits as to when claims against the estate must be made by creditors. (T)	58.1	73.2

### Federal/State Tax Law

6.	The unlimited marital deduction allowed under federal estate and gift tax law permits one spouse to transfer any amount of his or her money and property to the other spouse without paying any federal estate or gift tax. (T)	33.8	39.4
7.	Charitable contributions during lifetime or at death are not exempt from federal gift or estate taxes. (F)	48.6	47.9
8.	A gift in excess of \$10,000 per donor (the person giving the gift) per donee (the person receiving the gift) per year is subject to a federal gift tax to be paid by the donor. (T)	27.0	26.8
9.	When money and property are transferred from a deceased person, the federal government imposes an estate tax on the total value of the estate minus certain allowable deductions. (T)	48.6	38.0
23.	In order to be classified as a taxable gift, money or property must be transferred from one person to another without consideration and exceed \$10,000 in value. (T)	32.4	36.6
25.	In Utah, the state imposes an inheritance tax against money and property inherited from a deceased person. (T)	44.6	47.9

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26. In Utah, there is no larger amount paid in taxes by the decedent's estate for federal estate and state inheritance taxes than if the State of Utah imposed no inheritance tax at all. (T) 9.5 9.9

Intestate Succession

12. The intestate laws of the State of Utah determine how a decedent's estate will be distributed if he or she has failed to make a valid will. (T) 54.1 56.3
13. In the State of Utah, the only time a surviving spouse will receive the entire intestate estate of the decedent spouse is if the decedent has no surviving issue or parent. (T) 25.7 29.6
20. Upon death of the parents, naturally born children get legal preference over adopted children in the distribution of parental money and property when the parents do not leave a will. (F) 59.5 50.7

Property Ownership

17. When real property is owned in joint tenancy, the surviving joint tenant will automatically become the owner of the entire property upon the death of the other joint tenant. (T) 67.6 66.2
18. Real property owned in joint tenancy does not have to go through the probate process.(T) 48.6 39.4
19. Real property owned as a tenant in common by the decedent is transferred automatically to the surviving tenant(s) in common, regardless of the decedent's will. (F) 28.4 43.7

Spouse's Elective Share

4. In the State of Utah, a husband can totally disinherit his wife. (F) 40.5 42.3
11. If a surviving spouse believes that she will receive a larger amount from her deceased husband's estate than she will receive under his will, she can choose to take the elective share provided by law in the State of Utah instead of the amount provided in her husband's will. (T) 20.3 16.9
32. The elective share of a decedent's estate which can be taken by the surviving spouse in lieu of their inheritance under the decedent's will is one-third of the decedent's augmented estate multiplied by a fraction determined in the Utah Probate Code. (T) 6.8 9.9

## Planning for Family Asset Transfers

### Trusts

- |     |   |      |      |
|-----|---|------|------|
| 21. | An individual can create a trust during their lifetime, or in their will upon death, in which designated amounts of money or property will be administered by a third party (called the trustee) for the benefit of designated beneficiaries. (T) | 83.8 | 88.7 |
| 22. | A trustee receives legal title to trust property and can use it for whatever purpose he or she desires, including his or her own personal financial obligations. (F)  | 64.9 | 70.4 |

### General Estate Planning

- |     |   |      |      |
|-----|---|------|------|
| 30. | In estate planning, the most important concern is to avoid probate. (F) | 23.0 | 39.4 |
|-----|---|------|------|

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