

Nearly Half of Investors Lack Wills or Estate Plans: Wells Fargo Survey

One reason investor may avoid conversations about their will or estate is that they think their family members understand their estate plan goal.

Although the pandemic has brought financial security into sharper focus for many people, nearly half of investors have neither a will nor an estate plan.

“The pandemic has put in sharp relief the need to plan for the future, including having good end-of-life plans in place,” said Michael Liersch, head of advice and planning for Wells Fargo’s Wealth & Investment Management division. “The availability of the vaccine is great news, but it should not stop people from preparing estate plans.”

The fourth-quarter Wells Fargo/Gallup Investor and Retirement Optimism Index shows that while some progress has been made in this area, many investors have more work to do. About one-third say they have a written will, 4 percent have written estate plans and 17 percent have both. Higher-income investors are no more prepared than investors as a whole, but the percentage with either a will, estate plan or both increases with age. The percentage with no preparation declines from 70 percent of investors under age 50 to 17 percent of those 65 and older.

Even those who have a will or estate plan in place may need to be more open about them with family or other heirs to ensure their final wishes are understood and carried out. Nearly two-thirds report they have spoken only a little or not at all to family members about their will or estate plans, and 57 percent believe they need to do more when it comes to communicating these plans. Again, this changes with age, but even 45 percent of retired investors say they need to do more.

Talking to family members about wills and estate plans is not something most investors enjoy. A slight majority (51 percent) say they do it out of obligation, while most of the remaining respondents either avoid it (14 percent), dread it (10 percent) or never do it (14 percent). Just more than one in 10 surveyed say they enjoy it.

One reason investors may avoid conversations about their will or estate is that most surveyed say they are confident their family members understand and support their estate plan goals: 35 percent are “highly confident” and 38 percent “somewhat confident.” Just 13 percent are “not too confident” or “not at all confident,” while 14 percent say they have not set these goals.

“The perception that family members are in sync with their wishes may be true for some investors, but for others, that may need to be confirmed,” Liersch said. “Even if investors want to provide their heirs broad latitude in

using their assets, communicating that sentiment now is important to give their heirs peace of mind — and the financial tools and knowledge — in making these decisions when the time comes.”

By Alan Goforth