

Giving with a warm hand: evidence on estate planning and bequests

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This paper examines the importance of estate planning and inter-vivos transfers towards the end of life. We use administrative records on all deaths in the Netherlands between 2006 and 2013 linked to wealth and income tax records and the hospital discharge register. These unique data allow us to distinguish between sudden unanticipated deaths and non-sudden anticipated deaths as a quasi-natural experiment. Our results show that non-sudden deaths are associated with significantly less financial wealth at the time of death, reflecting inter-vivos transfers that result from estate planning towards the end of life. We find significant effects not only at the top of the wealth distribution but also along the entire upper half of the wealth distribution. Also, we find that diseases with a relatively low survival rate that do not affect cognitive abilities are the most likely to trigger estate planning.