Navigating Bequests: The Strategic Role of Financial Advisors in Bequest Motives*

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Abstract

We investigate the impact of financial advisors on bequest motives using data from DNB (De Nederlandsche Bank) Household Survey. A regression discontinuity design based on the timing of mortgage commitments by Dutch households reveals that individuals with mortgages are 5 to 7 percentage points more likely to plan for bequests. We attribute this effect to the role of financial advisors, whom individuals are exposed to during the mortgage process; ruling out alternative explanations such as changes in wealth, risk preferences, or pre-existing bequest intentions via sub-sample tests. Further, to provide direct evidence, we exploit the 2013 ban on mortgage broker commissions in the Netherlands, which significantly limited access to financial advisors. A difference-in-differences analysis demonstrates that households that undertake mortgages are 2.5 percentage points less likely to bequeath post-event, further underscoring the pivotal role financial advisors play in shaping bequest intentions. We explain the channel through which advisors impact bequests using individual investor's long term beliefs and financial advisor's role in shaping individual priors which impacts bequest decisions.

Keywords: Bequest, Financial Advisors, Household Finance, Inter-Generational Equity

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1 Introduction

Financial advisors play a pivotal role in household finance, influencing individuals' investment choices, asset allocation, and retirement strategies (Gomes et al. (2021); Foerster et al. (2017)). Their expertise extends beyond immediate financial decisions, shaping long-term wealth accumulation through portfolio composition and risk management strategies (Chalmers and Reuter (2012); Baeckström et al. (2021)). In this paper, we investigate a relatively underexplored dimension of their influence: households' bequest motives. While most studies focus on investments and retirement planning, we examine how financial advisors impact intentions for wealth transfer across generations. The economic relevance of bequests is immense. Knight Frank estimates that $90 trillion in assets will transfer between generations in the U.S. over the next two decades, potentially making Millennials and Generation Z the wealthiest generations in American history.[1] This unprecedented wealth transfer highlights the importance of understanding bequest motives.

Specifically, in wealth planning, financial advisors often play a central role in guiding clients through this intricate process. William Sharpe famously described decumulation, the process of drawing down retirement assets, as the "nastiest, hardest problem in finance," emphasizing the complexities of managing wealth over an uncertain lifespan. At the heart of these challenges lies the bequest motive.[2] Despite its significance, our understanding of the factors driving bequest motives remains incomplete. For instance, Koijen et al. (2016) utilized Health and Retirement Survey (HRS) data to model health and mortality deltas, finding that common predictors such as marital status, wealth, education, and living arrangements (e.g., cohabitation with children) account for only about 66% of the variation in bequest motives. This leaves a considerable proportion of unexplained variation, indicating that factors beyond traditional life-cycle considerations may play a critical role. Building on this gap, we propose that financial advisors may influence bequest motives in a manner similar to their established impact on investment beliefs. Research has shown that advisors shape preferences for specific investment types (Pearson et al. (2023)) and encourage active fund purchases (Choi and Robertson (2020)). We hypothesize that advisors may likewise play a significant role in influencing bequest decisions, potentially bridging the gap in our understanding of this important area.

Quantifying the impact of financial advisors on bequest decisions presents several empirical challenges. Advisors typically shape bequest motives within broader wealth management discussions, integrating legacy considerations into strategies for asset allo-

[1] See Fortune article: https://fortune.com/2024/08/09/great-wealth-transfer-millennials-genz-disappointment/.

[2] We use 'bequest motives' and 'choices' interchangeably throughout the paper, as motives drive bequest decisions, while choices represent their tangible outcomes.

cation, retirement, and tax planning rather than addressing bequests explicitly. This may complicate identification due to the indirect nature of their influence. Additionally, advisors frequently collaborate with estate planners, mortgage advisors and legal experts focused on wills and trusts, making it challenging to separate the advisor's role from that of other professionals in wealth planning. Further complicating matters, terms like 'Financial Planner', 'Investment Advisor', and 'Wealth Manager' are often used interchangeably, despite these roles encompassing distinct areas of expertise at times.[3] In this paper, we follow literature to define financial advisors broadly to include investment and mortgage advisors. As clients' primary financial contacts, financial advisors' knowledge include various facets of wealth management and planning which justifies the broad definition. Accordingly, we also do not segregate bank from independent advisors.

Another concern is the highly endogenous relationship between financial advisors and bequests. Individuals who seek financial advice may already have stronger inclinations toward structured financial planning and bequest intentions, making it difficult to discern whether advisors actively shape these decisions or simply cater to clients with preexisting goals. Moreover, wealthier clients or those with complex financial needs are more likely to engage advisors, introducing potential selection bias.

To address the empirical challenges and establish causality, we employ two complementary methodologies. We first rely on a regression discontinuity (RD) design. This approach leverages the timing of mortgage initiation as a natural discontinuity to isolate the causal effect of financial advisor engagement on bequest intentions. Mortgages serve as a critical touchpoint in the Netherlands, where households are highly incentivized to engage financial advisors for navigating complex mortgage terms and making informed financial decisions. We provide a detailed explanation of our identification strategy in Section 3, where we argue that mortgage initiation represents a significant financial event, compelling households to seek advice. This validates our RD framework, where the treatment group comprises households within a defined window (e.g., five years) post-mortgage initiation, and the control group includes households outside this window. The key assumption underpinning this design is that households just before and just after taking a mortgage are similar in characteristics, apart from their interaction with financial advisors. By focusing on the sharp discontinuity at the mortgage initiation threshold, we attribute the observed increase in bequest planning to advisor engagement, ruling out alternative explanations such as changes in wealth, risk preferences, or pre-existing bequest intentions.

Using data from the Dutch Central Bank (DNB) Household Survey, conducted by CentERdata at Tilburg University, we find that households engaging with financial advisors as part of the mortgage process are 5 to 7 percentage points more likely to plan for

[3]See https://www.finra.org/investors/investing/working-with-investment-professional.

bequests. Moreover, this five-year window allows us to capture the period during which financial advisor influence is most pronounced, providing a robust estimate of their impact on long-term financial planning.

The second identification method provides direct evidence of the relationship between financial advisors and bequest using the 2013 commission ban on mortgage broker commissions from lenders in the Netherlands which significantly reduced the use of advisors. Here, we find that individuals who have ever undertaken a mortgage during the sample period experience a 2.52 percentage point decrease in probability of making a bequest post event period.

To note, the 2013 commission ban was on complex financial products which include mortgages and life insurance.[4] It restricts payments to distributors or advisors for the sale of such financial products but clients can still directly pay fees for independent advice. [5] Moreover, this ban on inducements expanded to all investment firms in 2014.[6] Therefore, with regards to defining our RD setting, we choose to use ban on 'mortgage broker commissions' instead of investment commissions to directly refer to the initial 2013 event.

Further, to alleviate concerns that it may be demographics or factors that associate with mortgages driving results, we perform heterogeneity and sub-sample analysis on individuals that are not married, without or not living with children and whom are relatively less financially literate. We find that the gap in bequest probabilities remain in the period after a mortgage is undertaken among these sub-samples.

Last, we also turn to the Health and Retirement Study (HRS) in the U.S to further substantiate the relationship between reliance on financial advisors and estate planning decisions. Using data from the 2016 HRS Special Module survey, our analysis shows that individuals who rely on financial advisors for money management advice are 15.0 percentage points more likely to have a will in place, reflecting a stronger commitment to structured financial planning. These findings reinforce our main results, underscoring the pivotal role of financial advisors in shaping both immediate financial management as well as long-term bequest intentions.

Our empirical findings carry theoretical significance. Specifically, we seek to increase our understanding of how bequest motives can be modeled within life-cycle frameworks. Life-cycle models typically incorporate bequest motives by calibrating to household or health data (Kvaerner (2023), Yang and Gan (2020)) or by using survey responses about bequest intentions to estimate relevant parameters (Christelis et al. (2010), Georgarakos

[4]See https://www.regulationtomorrow.com/the-netherlands/afm-publishes-report-on-compliance-with-commission-ban-in-the-netherlands/

[5]See https://www.pwc.nl/nl/assets/documents/pwc-the-dutch-disadvantage.pdf

[6]See https://www.regulationtomorrow.com/the-netherlands/afm-publishes-guidelines-on-ban-on-inducements-for-investment-firms/.

and Pasini (2011)). In these models, bequest motives often rely on demographic factors such as age and health, with the 'warm glow' model frequently serving as a foundation, capturing altruistic bequest motives within a life-cycle structure. Our paper, however, suggests that bequest motives can also be influenced by extrinsic factors, such as the role of financial advisors. This represents a shift from traditional life-cycle assumptions which we take preliminary steps of modeling. We also suggest theoretical transmission channel through which financial advisors can influence bequests using recent works focusing on demand side of financial advice.

In sum, our findings reveal that financial advisors can shape clients' bequest intentions, influencing both the likelihood and the scale of planned bequests. This influence has clear policy implications, particularly for advisor regulation, disclosure standards, and training practices to help clients make more informed decisions regarding bequests. Research supports the susceptibility of financial choices to external factors, underscoring how personal experiences and social dynamics influence decisions (Andersen et al. (2019); Faig and Shum (2000)). While bequest motives may seem inherently personal, they are evidently open to external influence. Just as social norms and peer interactions shape political, religious, and philanthropic attitudes (Iisager (1949); Green and Webb (2008)), financial advisors similarly guide clients' wealth transfer plans. These insights highlight the need for policy approaches that safeguard clients' intentions while acknowledging the advisor's role in shaping these financial commitments.

Related Literature. This paper contributes to several strands of literature. First, it directly advances the life-cycle literature by proposing the inclusion of external factors in models of bequest motives. Building on Nardi (2004)'s seminal work, which suggests that utility from bequests is influenced by parents' desire to leave a legacy and the extent to which bequests are perceived as luxury goods, this framework has been widely adopted in studies such as Ameriks et al. (2011), De Nardi et al. (2010), and De Nardi et al. (2016). Here we show that incorporating external factors into bequest motive models provides a more comprehensive understanding of the forces influencing households' wealth transfer decisions beyond traditional life-cycle variables, such as demographic and health-related factors.

In doing so, we also contribute to the study of bequest motives. In the literature, bequest motives are widely examined across various financial decisions: (i) the retirement savings puzzle (De Nardi and Yang (2014)& De Nardi et al. (2010)), to understand end-of-life wealth accumulation and decumulation; (ii) annuity demand (Ameriks et al. (2011)), where bequest motives influence annuity choices aside from precautionary savings; (iii) household insurance choices (Koijen et al. (2016)& Koijen and Yogo (2022)), to estimate optimal insurance consumption; and (iv) household economic outcomes, where bequest motives are used to compute indicators like the Gini coefficient (Yang and Gan

(2020)). The inclusion of external influences into bequest motive theories broaden one's understanding of bequests.

Our work is also related to the role of financial advisors. Recent studies reveal a dual aspect of advisors' impact. On one hand, they enhance household financial security; on the other, their misconduct within the industry has raised concerns. Research on advisor misconduct has examined the influence of peer networks on unethical behavior (Dimmock et al. (2018)), regulatory effectiveness in curbing misconduct (Charoenwong et al. (2019)), and the career consequences of advisors with misconduct histories, which in turn affects household trust (Egan et al. (2019)). In terms of retirement planning, Lin et al. (2017) examined the impact of financial advisors on insurance purchases in Taiwan, while Mustafa et al. (2023) investigated advisors' influence in sustainable retirement planning in Malaysia. Additional studies have analyzed the role of financial advisors in choosing defined contribution plans (Ryan and Cude (2021)) and in retirement plan performance (Yao et al. (2020)). However, our paper differs by focusing specifically on bequeathment rather than retirement planning or insurance—domains that only indirectly capture bequest motives.

The remainder of the paper is organized as follows. Section 2 describes the data and presents descriptive statistics. Section 3 outlines main empirical evidence, while Section 4 offers additional robustness tests. Section 5 discusses theoretical foundations and possible channels while Section 6 concludes with final remarks.

2 Data and Descriptive Analysis

2.1 Data

The primary database used is the DNB Household Survey (also known as the Dutch Household Survey (DHS)), conducted by CentERdata at Tilburg University, which provides annual financial data on approximately 2,000 Dutch households. The DNB Household Survey has been extensively used in the literature, with studies such as van Rooij et al. (2011), Gaudecker (2014), and Hurd et al. (2011) drawing on similar data. The survey began in 1993, and we utilize information from several sections, including work, psychology, health, and income which consists of information on demographics, bequests, investments as well as housing. Household data is derived from multiple questionnaires, with each household member (including children aged 16 and older) completing most sections individually, except for the assets and liabilities section to prevent duplication. Since some household members, such as children, may have difficulty understanding topics like bequests, we limit responses to those of the primary respondent and their spouse.

Our full sample consists of responses from 12,125 unique respondents and 62,265 respondent-year observations. Our sample period is between 2005 to 2022 as DHS has a long history of bequest data. As an overview, 27% of the sample rely on financial advisors for financial advice, the average probability of bequeathing anything is 65% (see Appendix Table A(3)), and 31% of the sample has ever undertaken mortgages.

2.2 Descriptive Analysis

We begin by analyzing descriptive statistics. Table 1 shows that household wealth and level of securities holdings for respondents that have indicated their willingness to bequeath are higher than the full base sample (columns 3 and 4 compared to 1 and 2). Similarly, for respondents that rely on professional financial advisors for household financial advice, these variables are even higher (columns 5 and 6).

< Insert Table 1 here >

Based on descriptive statistics, there is evidence that individuals that rely more on professional financial advisors for household financial decisions are more likely to bequeath with a mean percentage of 72% compared to 65% in full sample (column 5 compared to column 1). This is also in line with the positive trend in the plot of reliance on financial advisor and bequest in Figure 1(a).

< Insert Figure 1 here >

Moreover, as we use mortgage commitments as our main identifying assumption, we focus on columns 7 and 8 which details descriptive statistics of individuals that have ever undertaken mortgages. Noticeably, they are more likely to be male, have slightly better education and higher levels household income and wealth compared to full and sub-samples. They also rely more on financial advisor. Besides, a large percentage of people who own, build or inherit their house also undertake a mortgage (at about 91%), [7], which implies high penetration of mortgages in the Dutch housing market.

To further understand how financial advisors can impact bequest intensity, we first plot bequest probabilities (Figure 1) and reliance on financial advisors (Figure 2) against demographics. Prima facie evidence shows that reliance on financial advisor (Figure 1(a)), level of financial literacy (Figure 1(b)) and household wealth (Figure 1(c)) increases with bequest probabilities. The latter two are also controls in the regression models.

[7]There are 19,124 observations that answered 'Yes' to if mortgages are undertaken for the house purchased, built or inherited out of a total of 20,928 observations that answered the question.

We further explore associations of financial advisor and bequest by including various measures of bequests in the charts as per Figure 2. They include bequeathing at various thresholds and prima facie evidence shows that the level of reliance on financial advisors increases with increasing likelihood of bequests (see Figures 2(a) to Figure 2(d)) but that the amount of bequest is less important as the increasing reliance is robust across bequests at various amounts; bequest more than 10,000, 100,000 and 500,000.

< Insert Figure 2 here >

2.3 Association Tests

We first study the relationship between bequest motives and financial advisor through Tobit and Ordinary Least Square (OLS) regressions. We present a generatlised model for OLS as follows:

$$y_{it} = \beta_1 \text{Financial Advisor}_{it} + \beta_2 \text{Controls}_{it} + \delta_r + \delta_t + \epsilon \tag{1}$$

Where y_{it} is the response of individual i to bequest question y in year t, and Financial Advisor$_{it}$ ('Financial Advisor') is a dummy variable that takes a value of 1 if individual i indicates that he or she relies on professional financial advisors, bank brochures or mortgage advisors for household financial decisions in year t. δ_r and δ_t refer to respondent and year fixed effects respectively.

Specifically, y_{it} signifies bequest variables derived from several questions related to bequeathment in the DHS questionnaire. Questions on the assignment of subjective probabilities to bequests start with the question, "Is there any chance for an inheritance?" ('Bequest >0), followed by probabilities of leaving behind EUR10,000, EUR100,000, and then EUR500,000 worth of inheritance ('Bequest >10,000', 'Bequest >100,000' and 'Bequest >500,000' respectively). The first variation is distinct as it measures solely bequeathment intention with no reference to any specific amounts.

The mean probability of bequeathing the aforementioned amounts decrease as the amounts increase: at 60%, 38%, and 9%, respectively. About 65% of the sample indicates that they would leave an inheritance without specifying any amounts. (see Appendix Table A(3)) The probabilities are 69%, 51%, 21% and 73% respectively if sample is restricted to only those with bequeathment intention for that bequest amount threshold (see Appendix Table A(3)(1)). Due to the high percentage of observations with non-bequeathment especially for higher level of bequest amounts (non-bequeathment is at 13% for Bequest >10,000, 27% for Bequest >100,000, 57% for Bequest >500,000 and 11% for chance of giving away any bequest), we use log probabilities for Bequest >500,000

which is considered left censored as per Angerer and Lam (2009).

To simplify the analysis in our regressions, we refer to probability of bequeathing >10,000 (Bequest >10,000) as ('Bequest Low'), probability of bequeathing >500,000 (Bequest >500,000) as ('Bequest High'; log transformed) and probability of bequeathing anything as ('Bequest >0').

Other related bequest motive variables not associated with subjective probabilities of bequest include variables such as 'Importance save bequeath'; which asks respondents to gauge the extent to which it is important for them to save in order to have sufficient wealth to bequeath, 'Plan Bequeath'; which explores if an individual intends to bequeath now or later, and 'Why Bequeath'; which asks respondents to explain why they would bequeath assets to their children, such as bequeathing altruistically or conditionally on them supporting the respondent in old age. For 'Plan Bequeath' and 'Why Bequeath', these are indicator variables that aggregate bequeathment intentions. Nuances in individual options are separately assigned. (See Appendix B for full information.)

Our main independent variable in empirical regressions is the question asking respondents whom they engage for help with household financial decisions. We amalgamate responses that answered 'Financial Advisors' with 'Bank Materials', which includes brochures from banks or mortgage advisors ('Financial Advisor'). We group brochures from banks or mortgage advisors together with financial advisors to better proxy an individual's banking relationship with their financial advisors and to measure their impact holistically. Besides, as mentioned under introduction, we undertake a broad definition of role of financial advisors and as the literature does not distinctly segment bank financial advisors from independent financial advisors or mortgage adviors per se, we follow this definition in the paper as well. 'Others' refer to options that are clearly different from banks and include 'Parents / Friends', 'Newspapers, Financial Magazines, Guides and Books', 'Financial Computer Programs', and so on. (See Appendix B for full information).

For bequest motive controls, we follow the findings of Koijen et al. (2016) to include wealth, marital status, those living with children, and education. Additionally, we also add age and financial literacy, which are common controls for stocks and investments (van Rooij et al. (2011)). We log transform household wealth due to positive skew and in some specifications, we also assign them into percentile brackets based on household wealth rank of the specific year.

In terms of model choice in the initial association tests, we use Tobit regression due to a large proportion of non-bequeathment responses. This approach is similar to instances of large proportion of non-participation in the stock market where Tobit regression is also used to model unobserved values. (Kaustia and Torstila (2011) . Here, we vary fixed

effect controls by respondent and year. Respondent fixed effects account for heterogeneity among respondents that is constant across time, such as personal traits that may impact one's propensity to bequeath, as well as financial habits and preferences that may explain why one may rely more on financial advisors than others. Moreover, year fixed effects ensure that time-varying factors such as financial regulations or estate laws that may affect bequests are controlled for in specifications.

Table 2 shows the results and there is a strong association between reliance on financial advisor and bequests. We also include OLS model in Appendix Table A(1) which generally shows similar results.[8]

< Insert Table 2 here >

There are 2 further observations here. First, there is a strong association between household wealth and bequests (in particular, see columns 2 and 3 of Appendix Table A(1) where higher levels of wealth are associated more strongly with probability of bequeathing at these amounts).

Second, there is evidence that financial advisors are not able to influence bequest decisions which depend more on personal attitudes and beliefs on bequests and which are not related to bequest amounts. For instance, there is a lack of strong association between financial advisor and bequeathment decisions which depend more on personal preferences such as when they plan to bequeath (now or later) or motivations for bequeathment (such as if they would only bequeath if children help them in old age). Specifically, Appendix Table A(4) shows in a simple association test that financial advisors do not have an impact on preferences in bequest such as whether one would bequeath only if children take care of them in old age or regardless. (also see Appendix Table A(5)).

However, we have not addressed and established the causal relationship between financial advisors and bequests. In the next section, we discuss our main identification design using mortgages undertaken by Dutch households as the discontinuity event.

[8]Note that in OLS model, Bequest High or probability of bequeathing >500,000 is logged transformed due to high skewness of 2.80. The variable can then be interpreted also as conditional probability since 0 values are removed.

3 Empirical Tests

3.1 Regression Discontinuity (RD) Design

3.1.1 The Dutch Housing and Mortgage Market

Here, we use a discontinuity event in the form of mortgage committments by Dutch households in a RD design to establish causality.

In this setting, intervention is assumed to be at time 0 which is the year individuals first undertake their mortgage. The 5 year period after the year mortgage is first undertaken is assigned treatment effect and the 5 year period prior as the control period.

There are 2 variables in DHS that one can use to estimate year which the mortgage is undertaken. The first question asks respondents to list the year which their mortgage is first undertaken followed by sub-fields for other years if there are more than one mortgage.[9]

The second question asks respondents for the year which one buys, builds or inherits the current house. This is followed by the question asking one to indicate whether a mortgage accompanied this purchase, built or inheritance. [10] Naturally, there are some discrepancies between both variables. However, we use the latter measure due to larger number of non-missing observations in the prior.

Although we do not have direct evidence that an individual in the sample engages a financial advisor when one undertakes a mortgage loan in Netherlands, there are several suggestive evidence that supports this assumption.

First, a 2023 Mckinsey report indicates that 60% of home mortgage loans in Netherlands involve mortgage brokers which is high and comparable to countries like UK and Australia. This is thus direct statistical evidence of the positive and close association between taking up a mortgage loan and engaging a financial advisor.[11]

Next, the percentage of home ownership in the sample is about 75% (in line with estimates from Statista of 71% since 2005) [12] as well as de Bruin et al. (2024) who used 2017 DHS data and found home ownership rates to be 72% with 68% of the sample ever undertaking a mortgage. This is thus evidence that the take-up rate for mortgages follow home ownership rates which supports our rationale for using the year that one purchase,

[9]The first question is hyp61 in DHS which has 14,733 observations.

[10]For field wod35b which is matched with wod35aa (whether the purchase, built or inheritance is accompanied by a mortgage), both variables have 20,928 observations of which 91% indicated that their purchase, built or inheritance is accompanied by a mortgage.

[11]See https://www.mckinsey.com/industries/financial-services/our-insights/brokering-growth-in-the-mortgage-market.

[12]See https://www.statista.com/statistics/543411/house-owners-among-population-netherlands/

builds or inherits a home in the analysis as the year which mortgage is undertaken. [13]

Besides, the Dutch mortgage market is comparably more complex with a wide variety of mortgage loan options (Dutch Securities Organization (2024)) which may provide greater incentives for the engagement of a mortgage advisor. Moreover, mortgage fees paid are tax-deductible.[14]

More importantly, a commission ban was introduced in the Netherlands in 2013 for complex financial products like life and investment insurance and mortgages (de Jong (2024)) as well as the sale of investment products in 2014. Advisor fees thereafter have to be clearly disclosed.[15] Since the onus of payment falls on individual households, they are more likely to take the engagement of financial advisors more seriously and may place greater reliance on his or her advice. It may also imply less frequent, but deeper engagements.

< Insert Figure 3 here >

Figure 3 shows a general decline in reliance on financial advisors for investment advice over sample period. Further, de Bruin et al. (2024) found 25% less engagement of a financial advisor post commission ban which matches the general trend.

Taken together, there is evidence that individuals are likely to engage a financial advisor when they undertake a mortgage and due to the commission ban, households may rely or seek the advice of financial advisors less.

With supporting evidence, we use the undertaking of a mortgage as our discontinuity event. To address the issue of different base rates with regards to general reliance on financial advisors due to the commission ban, we also run RD design separately for households who undertake mortgages before and after 2013.

3.1.2 RD Design: Results and Heterogeneity tests

Formally put, our fitted line plots in the 5-year period after and before the mortgage commitment is based on an estimation of the following equation:

$$y = \begin{cases} \beta_{0,\text{below}} + \beta_{1,\text{below}} \cdot x & \text{if } x < 0, \\ \beta_{0,\text{above}} + \beta_{1,\text{above}} \cdot x & \text{if } x \geq 0. \end{cases} \quad (2)$$

[13] Respondents should also indicate that a mortgage accompanied this purchase, built or inheritance to further narrow down identification of mortgages.

[14] See https://www.viisi-expats.nl/mortgages/is-buying-a-house-in-the-netherlands-different-from-other-countries/ and https://mistermortgage.nl/tax-deductible-fees/.

[15] See example as per https://www.hanno.nl/expat-mortgages/fees/ and https://www.abnamro.nl/en/personal/mortgages/applying-for-mortgage/mortgage-advice/fees.html

where x is years to first mortgage undertaken, y is probability of bequeathing, $\beta_{0,\text{below}}$ and $\beta_{0,\text{above}}$ are intercepts for the fitted lines while $\beta_{1,\text{below}}$and $\beta_{0,\text{above}}$ are the estimated coefficients and represents the slope of the relationship between independent variable x and dependent variable y (Bequest Low) for observations of bequest motives before and after mortgage has been undertaken.

Figure 4 is a graphical representation of our fitted OLS where 0 is the intervention event indicating the year which a mortgage is undertaken. The blue line represents predicted bequest probability for the years before a mortgage is undertaken while the red line represents predicted probabilities for the years after a mortgage is undertaken. The jump in bequest probability of about 7 percentage points implies that households have higher bequest intention after one undertakes a mortgage. Taken together with our main identifying assumption that mortgage undertaken is a proxy for engagement of financial advisor, it implies that households have higher bequest intention after engaging a financial advisor.

< Insert Figure 4 here >

Figure 5 plots trend of several key variables and controls against years surrounding intervention year. This provides an overview of variables that may associate with mortgage undertaking, and in turn, be also associated with bequests. We seek to address potential problems of omitted variable bias with these figures.

< Insert Figure 5 here >

Specifically, in Figures 5(a) and 5(b), prima facie evidence shows that probability of bequeathing >than 10,000 and 500,000 increases after intervention year which aligns with our key results in Figure 3.

Other descriptive evidence shows both income and wealth, probability of living with children and being married also increasing after one undertakes mortgages. Reliance on financial advisors also increase post intervention; aligned with our main identification hypothesis. (see Figure 5(k)) Ideally, we would also like to see clear evidence that there is no observable trend for these key variables or characteristics in the years post intervention. In other words, the fact that income, wealth, probability living with children and being married (all factors that have been shown to be associated with bequests in literature) all increase post intervention together with reliance on financial advisors may make it challenging to identify reliance on financial advisors as the main driver of increased bequest probability. Figure 5(f) also shows that the age range of individuals undertaking their first mortgage to be between 37 and 42.

Therefore, to alleviate concerns that it is not other factors driving the increase in bequest intensity besides reliance on financial advisors, we focus on the 4 variables that have an increasing trend as per Figure 5 post intervention and perform a sub-sample analysis.

< Insert Figure 6 here >

Figures 6(a) to 6(d) shows RD design results for sub-sample of individuals who are not married, have no children, are not living with children or who are less financially literate respectively.

The results clearly show that the increase in bequest intention post-intervention in Table 3 is not driven by factors such as marital status and whether one lives with children because the post intervention effect remains despite the analysis being conducted on sub-samples that have less intention to bequeath. In other words, we still see a jump in bequest intensity for these sub-groups. This provides evidence that the main results in Table 3 is driven by impact of financial advisors.

Besides, another concern is the base level of reliance on financial advisors since an exogenous event in the form of commission ban for sale of complex products was introduced in 2013 in Netherlands. This implies that there may be some inherent differences in findings in the years after and before 2013 due to general differences in base reliance on financial advisors. Therefore, to alleviate this concern, we perform RD design on 2 periods - before and after 2013. Figure 7 shows that the results remain and predicted jump in bequest motives is similar for mortgages undertaken before or after 2013 although the general level of predicted bequest probability is lower post 2013 compared to prior. This supports the finding of Figure 3 which shows decreasing mean reliance on financial advisor over sample period and also in line with findings from de Bruin et al. (2024) that finds reliance on financial advisor drop by 25% post 2013 commission ban.

< Insert Figure 7 here >

3.2 Difference-in-differences (DiD)

To further single out causal impact of financial advisors in impacting bequest intention, we additionally perform a DiD analysis that uses 2013 commission ban on financial advisory services in Netherlands as a shock to engagement and reliance on financial advisors.

Using definition of Treat ('Treat') as individuals that have ever undertaken a mortgage and Control ('Control') as individuals that have never undertaken a mortgage in the sample period, we find that individuals who have undertaken mortgages experienced a decrease in bequest intention post-event.

$$
\begin{aligned}
y = {} & \beta_0 + \beta_1 \text{Treat} + \beta_2 \text{Post} + \beta_3 (\text{Treat} \times \text{Post}) \\
& + \beta_4 \text{Financial Advisor} + \beta_5 \text{Controls} + \beta_6 W_{(90-100)} + \beta_7 W_{(80-90)} \\
& + \beta_8 W_{(70-80)} + \beta_9 W_{(60-70)} + \beta_{10} W_{(50-60)} + \epsilon
\end{aligned} \tag{3}
$$

where y refers to Bequest Low (Bequest >10,000) and 'Controls' refer to the vector of variables including financial literacy, gender, age, marital status, college education, living with children. 'Post'is the period from 2013 onwards and the model is ran for between 2011 to 2015. $W_{(90-100)}$ refers to log wealth percentile rank where we first log transformed household wealth of individuals and assign them to deciles. The model includes respondent and year fixed effects and standard errors are clustered by year.

One hypothesis for this observation is that individuals with mortgages have already engaged a financial advisor and therefore, have less incentive to further engage with one post-event period since the costs of engagement increased after 2013.

< Insert Figure 8 here >

Our event study chart plot in Figure 8 shows the validity of this DiD setting. There is no pre-trend for the Treat group in terms of bequest probability (Bequest Low) prior to the 2013 commission ban with bequest probability values bunching around zero. However, we see a decline in bequest intention post-event.

< Insert Table 3 here >

Similarly, Table 3 shows the DiD regression results with the coefficient of Treat x Post being significantly negative. This implies that the Treat group saw a decline in bequest intention of around 2.5 percentage points post the 2013 commission ban which severely limited access to financial advisors. This is thus supporting evidence of the direct role which advisors play in influencing individual bequest intentions.

In summary, our RD design established the impact of mortgage commitments on bequest motives and the heterogenity, sub-sample tests further explain away alternative drivers (other than influence of financial advisors) of bequests that may coincide with mortgage commitments. Even so, we provide additional support for the direct influence of financial advisors on bequests via a DiD setting based on the 2013 ban on mortgage broker commissions which act as an exogenous shock to financial advisor engagements.

The next section discusses these findings using an alternate dataset.

4 Robustness

4.1 HRS 2016 Experimental Module

For robustness and external validity, we turn to the Health and Retirement Survey (HRS) in the U.S. Specifically, we examine the experimental module from HRS survey in 2016 that contains our variables of interest. One advantage of the HRS survey is that it also asks respondents if they have 'made a will' which is a tangible wealth planning outcome or tool for bequests as opposed to questions of bequest motives in DHS. Intuitively, one may argue that financial advisors have less of a role in influencing bequest motives as compared to influencing the transmission mechanism for bequest which is either through wills, trust or affecting probabilities of bequest.

Here, we look at module 3; financial advice and capacity at older ages which asks respondents if they receive help with money management (MM) and who helps with such decisions. There are also specific questions on estate planning choices. From the 2016 module, we merge 20,912 respondent-year observations into the main HRS data frame.

< Insert Table 4 here >

< Insert Table 5 here >

Compared to the full sample who answered the question (see Table 5 columns 1 and 2 compared to columns 3 and 4), there is a slightly higher share of individuals who indicated that they received money management help in the form of estate planning, setting up trust and writing a will among those that have indicated that they receive money management advice from financial advisors. Therefore, there is prima facie evidence that financial advisors who provide money management advice impact wealth planning outcomes.

Also, the descriptive statistics plot of Figure 9 is generally in line with observations from Figure 1 with regards to trend of demographics against bequest intention - both household wealth and reliance on financial advisor increase with increasing bequest intentions. Moreover, the impact of financial advisor on bequest motives can be seen by the figure plots in Figure 10. (see Figures 10(a) , 10(b) and 10(c) which show high mean bequest probabilities for individuals that rely on financial advisors (Financial advisory dummy equivalent to '1'))

< Insert Figure 9 here >

< Insert Figure 10 here >

< Insert Table 6 here >

Moreover, using sub-sample of respondents in HRS's 2016 experimental module who rely on professional financial advisors for money management advice, we compare the descriptive statistics and profiles of these respondents against the DHS sub-sample that similarly rely on financial advisors. (see Table 6) The HRS sub-sample is much older and wealthier; they are also more highly educated and have slightly higher number of children. If despite such differences, the HRS sub-sample corroborates the findings from earlier, it further adds to the robustness of our analysis. Therefore, we perform a cross-sectional regression similar to van Rooij et al. (2011) using the 2016 data for the OLS models.

Here, we also include probit estimates for indicator variables of whether one has made a will and hold life insurance. (columns 2 and 4 of Table 7). Controlling for a number of key parameters, the results in Table 7 show that individuals who rely on financial advisors for money management advice are significantly more likely to bequeath - a 16 percentage points more likelihood of bequeathing an amount which is greater than $10,000 (column 6). The relevance of financial advisors in bequests decision is similar to the DHS sample despite the fact that the demographics of the HRS sub-sample is markedly different and supports our findings of the role of financial advisors in bequest intentions. Using marginal effects, our probit estimates also indicate that reliance on financial advisors increases the probabilities of making a will by 12.2 percentage points and in owning a life insurance policy by 13.1 percentage points.

We use an alternate measure of bequest motive in the form of life insurance to measure influence of financial advisors on bequest as it is commonly used in literature to proxy for bequest motives. Here, life insurance indicator is significant unlike the case under DHS. (see Table Appendix A(2)(1) compared to Table A(2)(2)) We hypothesize that this is due to a more specific definition of life insurance under HRS which consists of both whole life insurance policies that are valid for an individual's entire life as well as term life insurance policies which is closer to the meaning identified in Hong and Ríos-Rull (2004) and Inkmann and Michaelides (2012)

Individuals who rely on financial advisors for money management advice also have a 15.0 percentage points more likelihood of making a will (column 1 Table 7); a significant increase. This shows that financial advisors can indeed influence an individual's choice of wealth transfer mechanism by offering legacy and estate planning tools such as wills, trusts, and foundations.

< Insert Table 7 here >

In summary, we have shown the impact which financial advisors have on bequest probabilities via a RD approach using mortgages undertaken as intervention event and event shock in the form of 2013 ban on advisor commissions in Netherlands. Further

analysis shows that these results are supported by association tests using DHS and HRS data. There is also evidence that advisors are not able to influence bequest decisions that are related to personal preferences but they are able to impact objective bequest decisions such as bequest allocations and tools of bequest.

5 Discussion

5.1 Estimating Bequests Motive

Our findings provide valuable insights into the modeling of bequest motives within life-cycle frameworks. Bequest theories typically fall into two main categories: accidental, as outlined by Davies (1981) and Friedman and Warshawsky (1990), or voluntary, driven by factors like altruism (Becker (1981)) or strategic motives (Bernheim et al. (1986)). Within voluntary motives, three primary models exist: the altruistic, egoistic, and exchange models (Laitner and Ohlsson (2001)). We specifically focus on the warm-glow model, foundational to many bequest motive models, as shown by **?**. In this model, utility from bequests is expressed as:

$$v(b) = \omega \left(\phi + \frac{b}{\omega} \right)^{1-\gamma} \tag{1}$$

where ϕ represents the degree to which bequests are viewed as luxury goods, ω is the strength of the bequest motive, and γ reflects risk aversion. Both the luxury status of bequests and the strength of the bequest motive (ϕ and ω) increase utility from bequests, particularly when γ is low. Risk aversion is similar in effect to that observed in consumption choices. In the Ameriks et al. (2011) model, utility from bequests is realized only at the terminal period T, while households maximize utility from consumption and wealth in other periods, subject to budget constraints. A key assumption here is that bequests are voluntary and can be actively planned rather than occurring by chance.

Our analysis introduces financial advisors as an influential factor in shaping bequest motives, specifically affecting the parameter ω, which measures the strength of the bequest motive. To capture this effect, we modify the utility function to incorporate the term ka, where k denotes the sensitivity of the bequest motive to reliance on financial advisors, and a is a dummy variable representing reliance on advisor recommendations:

$$v(b) = \omega(1 + ka) \left(\phi + \frac{b}{\omega(1 + ka)} \right)^{1-\gamma} \tag{2}$$

In this formulation, the strength of the bequest motive is scaled by the degree of

reliance on financial advisors. Here, k measures an individual's responsiveness to financial advice, while a represents the actual degree of reliance on advisors. Our paper aims to extend life-cycle bequest models by integrating the role of financial advisors as a driver of bequest motives.

5.2 Channel

Our theory on the channel for transmission of updated beliefs surrounding bequests into bequest decisions come from 2 important recent works on demand side of financial advice in Schoar and Sun (2024) and Sias et al. (2024).

Schoar and Sun (2024) used a randomized controlled trial to test how retail investors assess and update their priors based on different types of financial advice - active versus passive investing. Sias et al. (2024) segregated expectations into short and long term expectations and found that while 'noisy' signals play a more important role in near term relative to long term expected return heterogeneity, long-term beliefs play a more important role in stock market participation, risky share decisions, and trading choices. Our theory here is that due to an update of priors as a result of financial advice, as bequests are long-term decisions, one also acts upon changes in long-term beliefs with regards to bequest decisions.

Formally put, there are 2 predictions from the papers:

1) Variation in priors have a larger relative impact on dispersion in long-term beliefs

2) Variation in priors play a larger role in explaining how beliefs relate to actions.

Our hypothesis therefore is that because bequests are long-term decisions, when one updates his or her priors due to financial advice received, a resulting implication is that the impact on one's beliefs in bequests also changes disproportionately. Consequently, one is also more likely to act upon these updated beliefs regarding bequests.

An analogy is that compared to near-term investment decisions, when one updates his or her prior due to financial advice, assuming he or she receives advice regarding both investments and bequests, the individual is likely to be impacted more by advice regarding bequests since decisions on bequests involve long-term beliefs compared to investment decisions such as near term trading. Consequently, the individual is also more likely to act upon these revised long-term beliefs due to updated priors. Intuitively, bequest decisions are long-term household choices. While attempts have been made to quantify size of bequest motives, none has examined the role of expectations in explaining bequest decisions. We take into account encouragements as per Sias et al. (2024) to consider differences between long term and near term expectations in household decision making.

6 Conclusion

Using mortgage first undertaken by Dutch households, we devise a quasi-natural experiment in the form of a regression discontinuity setting to study the pivotal role which financial advisors play in shaping bequest motives. We find that on average, households with mortgages have higher bequest probabilities of 5 to 7 percentage points in the years after one undertakes a mortgage. We use sub-samples of individuals that are not married, no or not living with children as well as those who are less financially literate to examine possible alternate drivers of bequest motives that may also be associated with mortgage commitment but find that the gap in bequest intention post undertaking of a mortgage remains. This provides further evidence of financial advisor influence on bequest motives.

Moreover, we further establish the link between financial advisor and bequests via an exogenous shock on engagement of financial advisors in the form of a 2013 ban on mortgage broker commissions in Netherlands. We find a decline in bequest intention as a result of this ban; in line with treat households, defined as individuals who ever have undertaken a mortgage, decreasing their engagements with financial advisors as a result of an increase in transparency and fees.

Our findings underscore the importance of integrating financial advisory effects into life-cycle frameworks to better capture external drivers of wealth allocation decisions. We also take first steps to model this. Additionally, we capture stylized observations such as financial advisors being able to influence bequest decisions regarding bequest probabilities, portfolio allocation and mediums of wealth transfers but not decisions such as timing and conditions of bequest which may be driven mainly by personal preferences.

Last, we identify a potential channel of influence: the role of financial advisors in shaping long-term beliefs and individual priors about bequests. By advancing this understanding, policymakers and researchers can gain deeper insights into the drivers of bequest decisions. This, in turn, can inform the design of financial advisory systems that align more closely with societal welfare objectives. The development of comprehensive bequest models incorporating these dynamics remains an avenue for future research.

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Table 1: Summary Statistics: Full Sample and Sub-samples (2005-2022)

	Full Sample		Bequest > 0		Financial Advisor		Mortgage	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Age	53.51	19.07	52.96	19.30	55.64	14.20	54.05	14.92
Number of Children	1.77	0.96	1.77	0.96	1.73	0.95	1.82	0.97
Marital Status	0.64	0.48	0.64	0.48	0.71	0.45	0.68	0.47
Gender	0.49	0.50	0.49	0.50	0.51	0.50	0.66	0.47
College Education+	0.44	0.50	0.45	0.50	0.43	0.50	0.53	0.50
Own Housing	0.76	0.43	0.78	0.41	0.85	0.36	0.95	0.21
Household Income	25,354	22,447	26,339	22,726	26,525	23,273	31,680	24,174
Household Wealth	135,964	193,461	144,008	197,341	161,071	207,260	228,923	201,438
Securities Holdings	9,352	51,922	10,226	54,392	14,172	74,928	13,112	61,864
Savings and Deposits	23,530	66,320	24,896	63,106	24,706	62,546	28,882	56,611
Stock Market Participation	0.18	0.38	0.19	0.40	0.19	0.39	0.23	0.42
Financial Literacy	0.29	0.45	0.30	0.46	0.24	0.43	0.34	0.47
Financial Advisor	0.23	0.42	0.24	0.43	-	-	0.31	0.46
Chance of Leaving Bequest	65.39	36.87	73.12	30.90	70.80	34.07	74.03	32.44
Save to Bequeath	0.06	0.23	0.06	0.24	0.06	0.24	0.28	0.45
Plan to Bequeath	0.23	0.42	0.25	0.43	0.26	0.44	0.26	0.44
Insurance Indicator	0.15	0.36	0.16	0.37	0.20	0.40	0.20	0.40

Note: This table presents summary statistics of the DHS dataset used in our analysis. Columns 1 and 2 present the full sample, Columns 3 and 4 present the sample with the chance of leaving inheritance greater than zero. Columns 5 and 6 present statistics based on sample who rely on financial advisors. Statistics in columns 7 and 8 are based on sub-sample that have ever undertaken a mortgage. 'Household Income' and 'Household Wealth' refer to winsorized variables representing pre-tax income and wealth as defined by Rooij et al. (2007). 'Securities Holdings' includes mutual funds, bonds, stocks/shares, and substantial stock holdings ('Risky assets' definition), while 'Savings and Deposits' cover checking accounts, savings and deposit accounts, deposit books, and savings certificates ('Safe assets' definition). 'Stock Market Participation' is based on stocks, shares, and mutual funds. Insurance indicator is based on aggregated (bz07) variable from DHS. The 'Financial Advisor' variable represents reliance on a financial advisor, brochures, or mortgage advisor for household financial decisions. Nominal figures listed here are in EUR.

Table 2: Tobit Regression Results

VARIABLES	(1)	(2)	(3)
		Tobit	
	Bequest Low	Bequest High	Bequest > 0
Financial Advisor	0.947**	1.079*	0.938**
	(0.439)	(0.652)	(0.420)
Financial Literacy	1.611***	3.001***	0.287
	(0.504)	(0.746)	(0.481)
Gender	20.766	-307.006	50.195
	(34.876)	(16,695.064)	(39.052)
Age	-0.301***	0.113*	-1.377***
	(0.041)	(0.060)	(0.039)
Marital Status	2.553***	5.088***	-0.281
	(0.853)	(1.255)	(0.815)
College Education	8.002***	0.562	5.128***
	(2.065)	(3.047)	(1.917)
Own Home	0.356	-0.072	0.158
	(0.813)	(1.169)	(0.781)
Ln (HH Wealth)	1.351***	1.671***	0.952***
	(0.184)	(0.276)	(0.174)
Constant	-1.741***	-19.363***	-1.403***
	(0.158)	(0.336)	(0.150)
Observations	28,103	24,952	29,757
Individual FE	YES	YES	YES
Year FE	YES	YES	YES

Note: This table shows results of association between financial advisor and bequests using Tobit regression. The dependent variables are Bequest Low (probability of bequeathing >10,000), Bequest High (probability of bequeathing >500,000) and Bequest >0 (probability of bequeathing). All specifications include individual and year fixed effects. *** p<0.01, ** p<0.05, * p<0.1.

Table 3: DiD Regression Results

VARIABLES	(1)
	OLS
	Bequest Low
Treat x Post	-2.515**
	(0.618)
Financial Advisor	0.606
	(0.722)
Financial Literacy	2.006
	(1.591)
Marital Status	3.427
	(2.633)
Education	-0.224
	(4.511)
Living with Children	-0.053
	(2.041)
$W\{90-100\}$	0.767
	(2.254)
$W\{80-90\}$	2.867
	(1.716)
$W\{70-80\}$	0.569
	(0.923)
$W\{60-70\}$	0.468
	(2.334)
$W\{50-60\}$	-2.195
	(1.870)
Constant	55.569***
	(2.841)
Observations	7,824
R-squared	0.728
Individual FE	YES
Year FE	YES

Note: Treat refers to households who have ever undertaken a mortgage during sample period of 2005 to 2022 while Control refers to household who have never undertaken a mortgage. DiD regression is ran from 2011 to 2015 with event shock being in year 2013. Robust standard errors in parentheses.
*** p<0.01, ** p<0.05, * p<0.1.

Table 4: Summary Statistics from HRS Experimental Module in 2016

VARIABLES	(1)	(2)
	Mean	SD
Trust in Financial Advisors*	2.27	0.89
Follow Financial Advisor Advice*	5.94	1.29
Satisfaction with MM Advice*	6.00	1.23
Financial Advisor Help MM +	0.64	0.48
Friends and Family Help MM +	0.32	0.47
Others Help Money Management +	0.16	0.37
Estate Planning MM Advice **	0.10	0.31

Notes: * Indicates questions where respondents gauge from a scale of 1 to 7. + Refers to dummies created from the question asking whom the respondent turns to for money management advice (question pv108 in module). ** This is a consolidated dummy based on answers to questions on the type of advice sought for money management: (i) Estate planning, (ii) Setting up a trust, and (iii) Writing a will.

Table 5: Types of Financial Advice received

VARIABLES	(1)	(2)	(3)	(4)
Type of Financial Advice Received+	No. of responses	%	No. of responses	%
Help with Stocks, Bonds or Mutual Funds	197	28%	171	34%
Deciding how to spend savings	59	8%	34	7%
Buying an annuity	41	6%	36	7%
Buying health, life or other insurance	33	5%	25	5%
Selecting a prescription drug plan	8	1%	2	0%
Deciding about social security or pension benefits	33	5%	21	4%
Selling or buying property	22	3%	13	3%
Help with home equity loan or reverse mortgage	12	2%	8	2%
Estate planning	40	6%	31	6%
Setting up a trust	23	3%	18	4%
Writing a will	23	3%	18	4%
Others	223	31%	120	24%
Total Observations:	714	100%	497	100%

Note: +Based on PV110 questions (types of money management help received) and respective answers. Columns 1 and 2 are based on full sample that answered questions while columns 3 and 4 are based on only for those who indicated reliance on financial advisors for money management help.

Table 6: HRS Sub-sample Descriptive Statistics against DHS Sub-sample

VARIABLES	DHS (N=3354)		HRS (N=288)	
	Mean	SD	Mean	SD
Age	55.64	14.20	65.64	10.91
Number of Children	1.73	0.95	2.58	1.61
Marital Status	0.71	0.45	0.75	0.43
Gender	0.51	0.50	0.43	0.50
College Education^{+}	0.43	0.50	0.75	0.43
Own Housing	0.85	0.36	0.94	0.24
HH Income (win.)*	26,525.00	23,273.00	131,581.24	108,022.79
HH Wealth (win.)**	161,071.00	207,260.00	979,039.04	1,049,251.75

Note: This table presents summary statistics of the DHS and HRS sub-sample respectively among those who rely on financial advisors for advice. $^{+}$ Refers to respondents in the DHS data who indicated they rely on a financial advisor. * Refers to respondents in the HRS 2016 Module who answered they rely on a financial advisor for money management advice. ** Values are winsorized. Sample period for DHS data is 2005 to 2021.

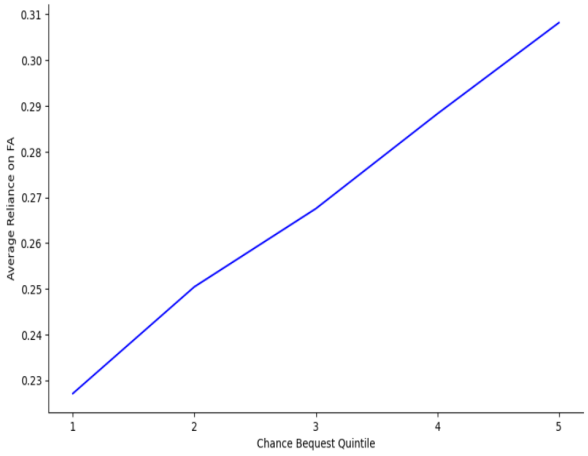
Table 7: Regression Results - HRS

VARIABLES height	(1) OLS	(2) Probit	(3) OLS	(4) Probit	(5) OLS	(6) OLS	(7) Probit
	Made Will Dummy		Life Insurance Dummy		Bequest >10,000	Bequest >10,000 dummy	Bequest >10,000 dummy
Financial Advisor*	0.150***	0.409***	0.137***	0.384***	0.199***	0.157***	0.777***
	(0.047)	(0.149)	(0.051)	(0.144)	(0.036)	(0.030)	(0.255)
Education	0.123***	0.384**	-0.020	-0.053	0.036	0.057*	0.257
	(0.048)	(0.150)	(0.051)	(0.148)	(0.035)	(0.029)	(0.232)
Marital Status	0.152***	0.459***	0.202***	0.560***	0.043	0.059*	0.295
	(0.048)	(0.150)	(0.053)	(0.146)	(0.036)	(0.031)	(0.262)
Age	0.014***	0.044***	-0.006***	-0.018***	0.001	0.001	-0.005
	(0.002)	(0.006)	(0.002)	(0.006)	(0.001)	(0.001)	(0.009)
Number of Children	-0.002	-0.003	-0.028**	-0.075**	-0.009	-0.006	0.024
	(0.011)	(0.036)	(0.013)	(0.036)	(0.009)	(0.008)	(0.050)
Gender	-0.041	-0.138	0.021	0.057	0.032	0.010	0.010
	(0.042)	(0.140)	(0.045)	(0.132)	(0.029)	(0.024)	(0.246)
HH Wealth+	0.000***	0.000***	-0.000***	-0.000***	0.000***	0.000***	0.003***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Constant	-0.623***	-3.554***	0.951***	1.301***	0.518***	0.670***	0.405
	(0.125)	(0.469)	(0.150)	(0.421)	(0.110)	(0.101)	(0.712)
Observations	437	437	435	435	427	437	437
R-squared	0.238	-	0.131	-	0.189	0.162	-
Cluster Error Respondent	YES	YES	YES	YES	YES	YES	YES

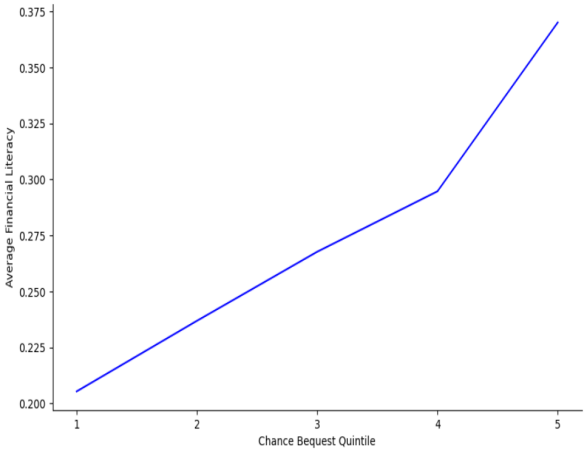
Note: This table uses the HRS 2016 experimental module to test for association between money management advice from financial advisor and bequeathment. This is a cross-sectional regression using OLS model and Probit model estimates (no fixed effects; only one year data). * refers to reliance on financial advisors for money management advice. + is winsorized and is given in thousands. Robust standard errors are in parenthesis. For columns 6 and 7, dependent variable is a transformed variable equivalent to 1 if respondent have answered a more than 0% probability of leaving an inheritance of 10,000 or more. Absolute figures are reported in USD. Robust standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1.

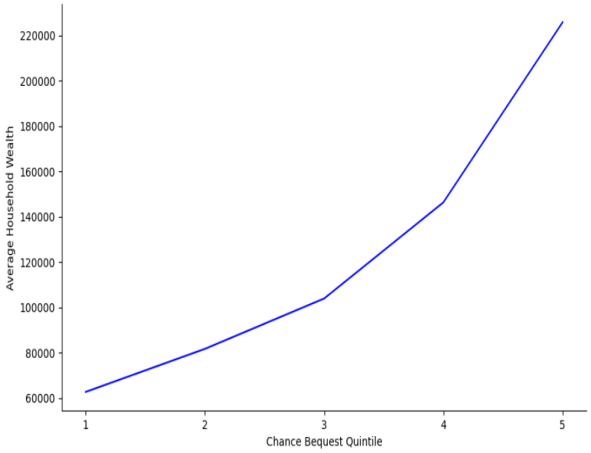
Figure 1: Relationship of bequest motives against demographics



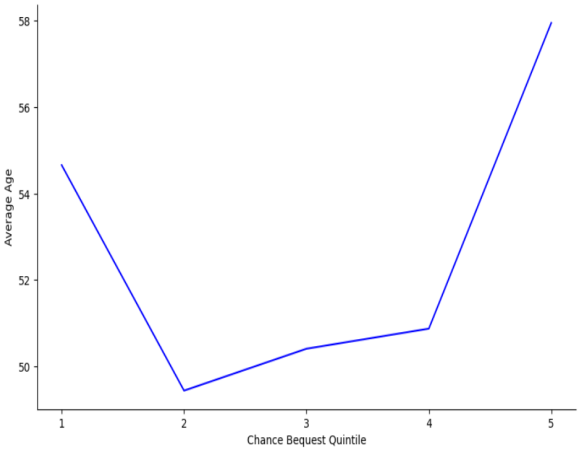
(a) Chance leave bequest against Financial Advisor



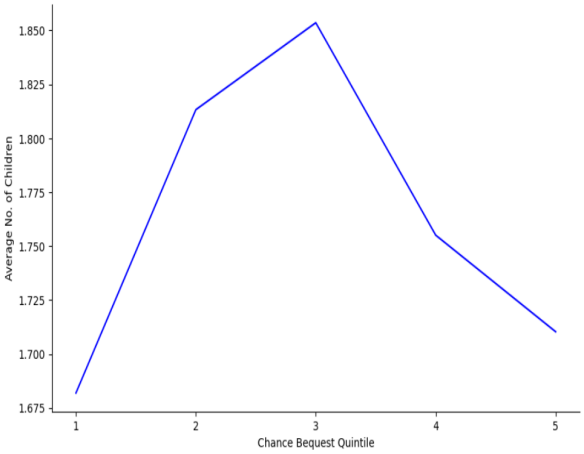
(b) Chance leave bequest against Financial Literacy



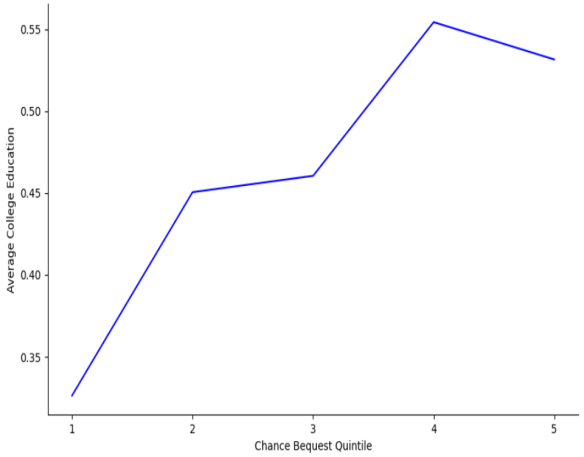
(c) Chance leave bequest against Household Wealth



(d) Chance leave bequest against Age



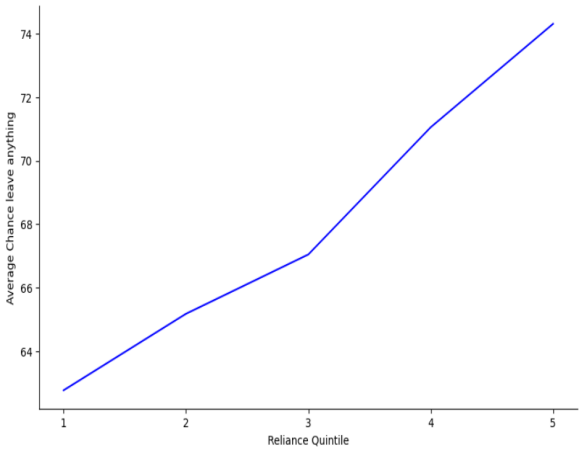
(e) Chance leave bequest against Number of Children



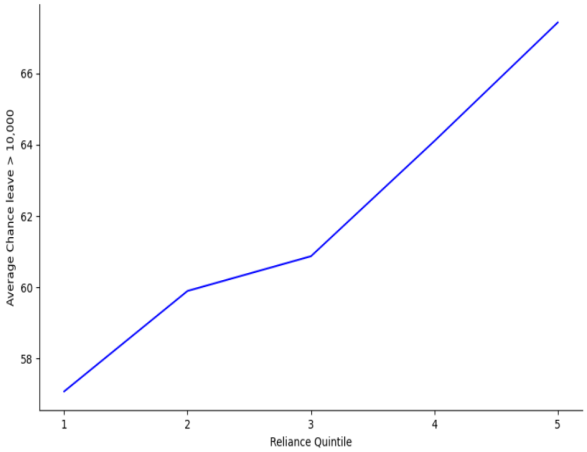
(f) Chance leave bequest against College Education

Note: This figure presents data plot of bequest motives where Chance leave bequest refers to Bequest >10,000 ('Bequest Low') against demographics and reliance on financial advisor. The probability of leaving a bequest is segregated into quintiles.

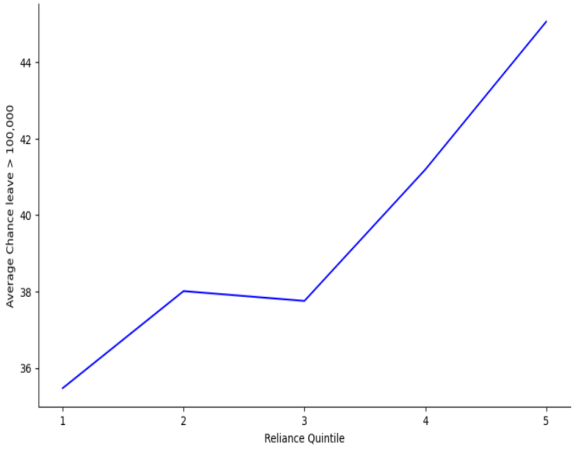
Figure 2: Relationship of reliance on financial advisor against demographics



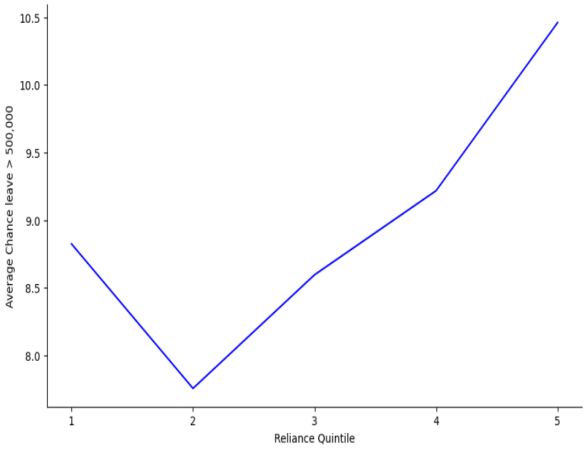
(a) Reliance on FA again chance bequeath anything



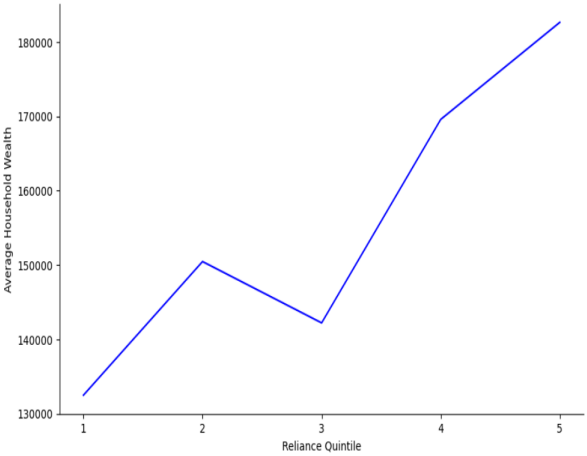
(b) Reliance on FA against chance bequeath >10,000



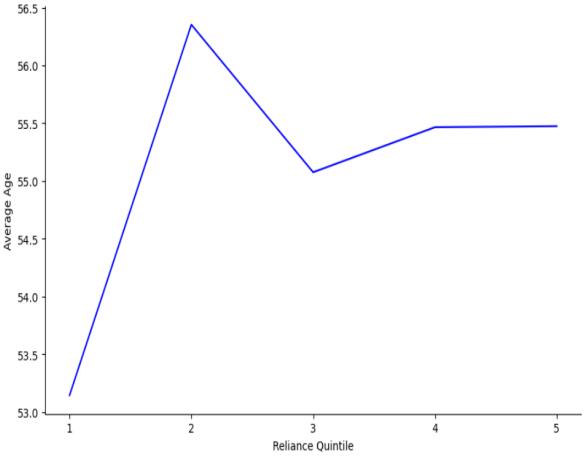
(c) Reliance on FA against chance bequeath >100,000



(d) Reliance on FA against chance bequeath >500,000



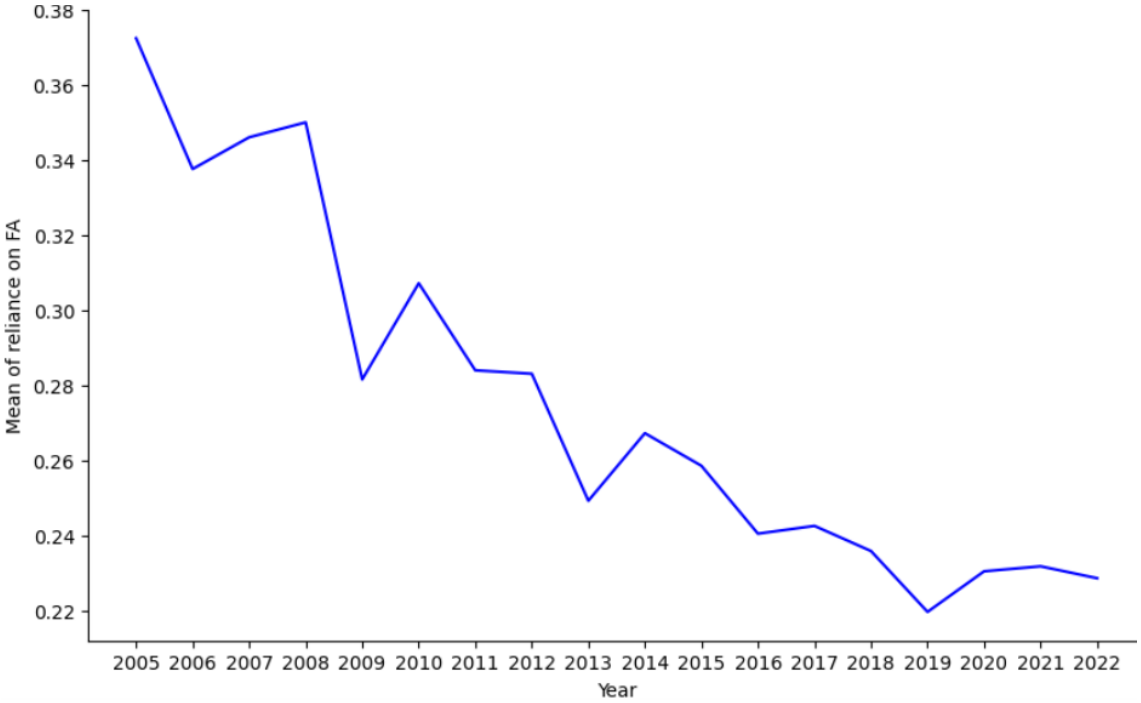
(e) Reliance on FA against household wealth (win.)



(f) Reliance on FA against age

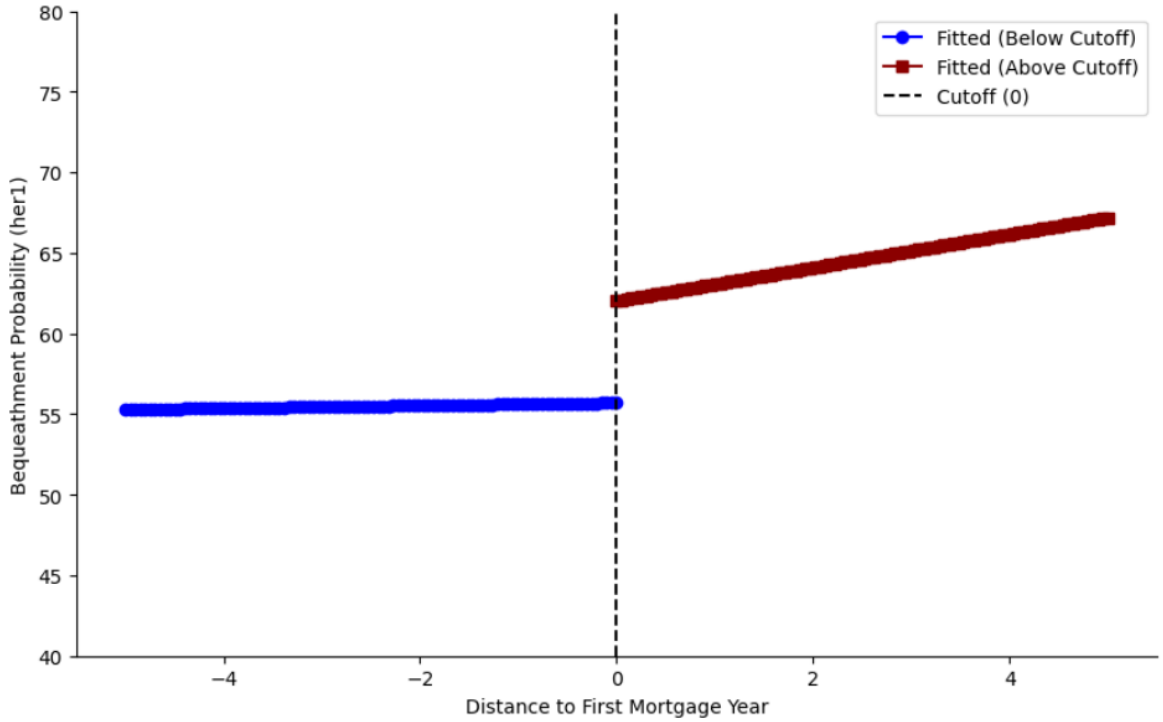
Note: This figure presents data plot of reliance on financial advisor against bequest and demographics. Here, as reliance on financial advisors for financial advice is a dummy variable, it is first aggregated to a mean based on each individual respondent on a time series basis and then segregated into quintiles based on mean figure per respondent. Then, y-axis represents mean of the examined variable matched on individuals' mean reliance on financial advisor sorted into that specific quintile.

Figure 3: Mean Reliance on Financial Advisor by Year



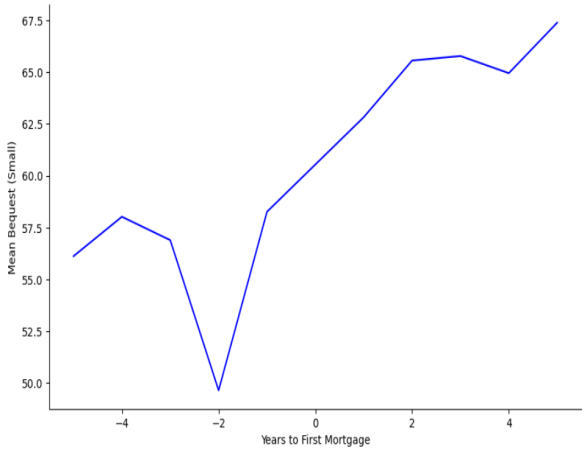
(a) Mean reliance on Financial Advisor by year across sample period

Figure 4: Discontinuity after mortgage commitment for full sample

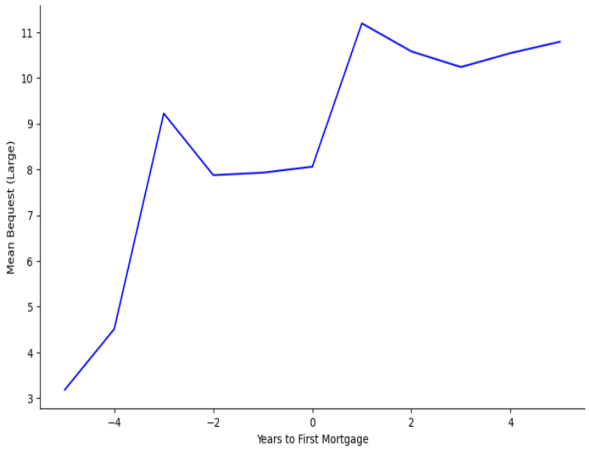


Note: This figure shows predicted bequest probabilities at low amounts (Bequest >10,000) in the 5-year period after a mortgage is undertaken compared to the 5 years prior to undertaking of the mortgage.

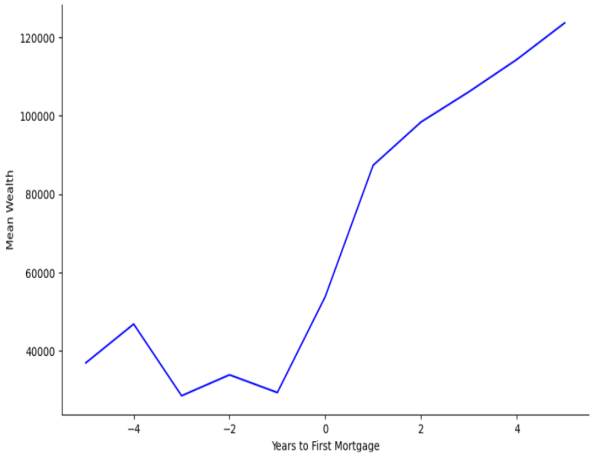
Figure 5: Descriptive Statistics of sample in years before and after mortgage is undertake



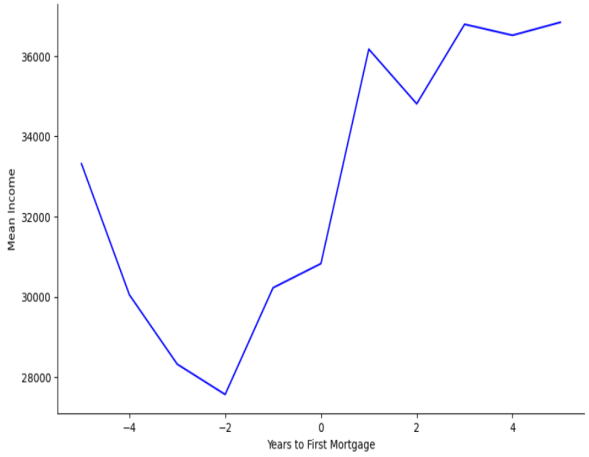
(a) Mean Bequest (Small) and Years to First Mortgage*



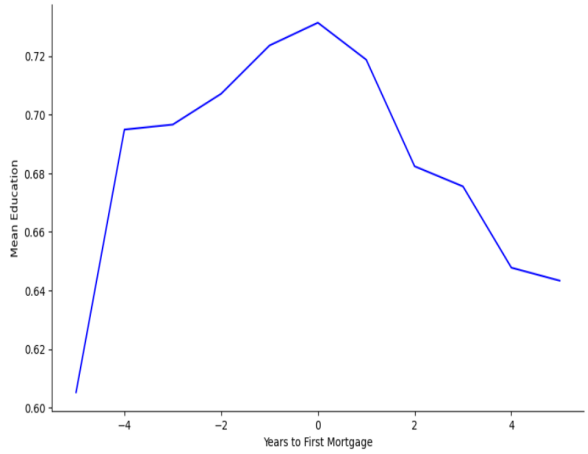
(b) Mean Bequest (Large) and Years to First Mortgage*



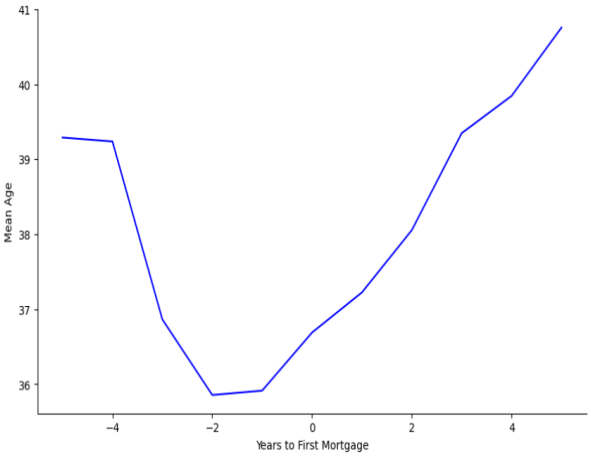
(c) Mean Wealth and Years to First Mortgage



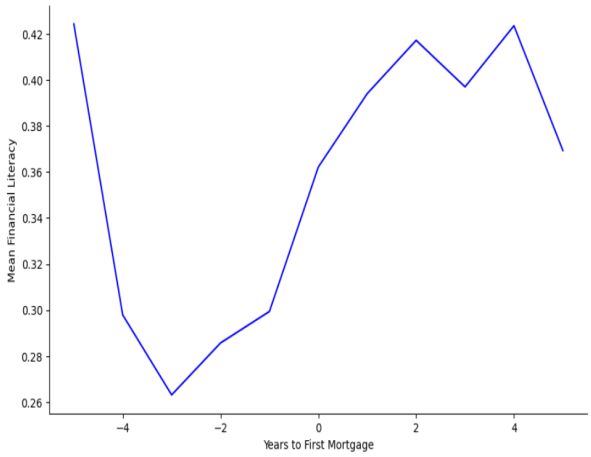
(d) Mean Income and Years to First Mortgage



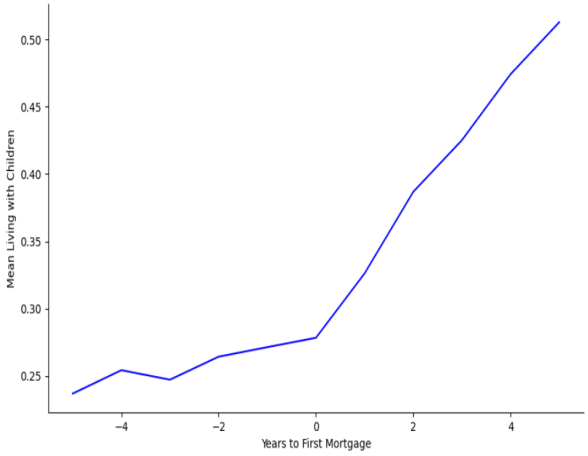
(e) Mean Education and Years to First Mortgage



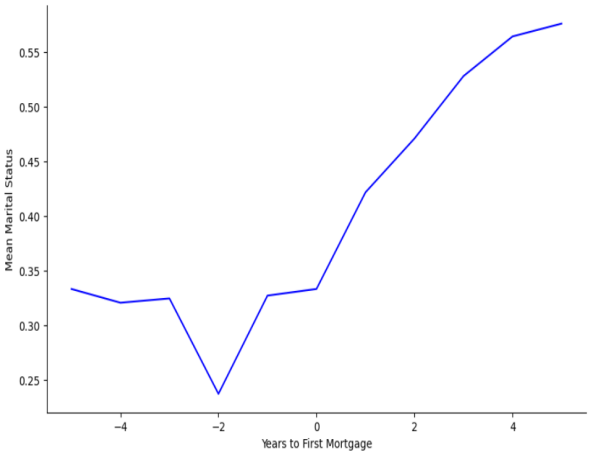
(f) Mean Age and Years to First Mortgage



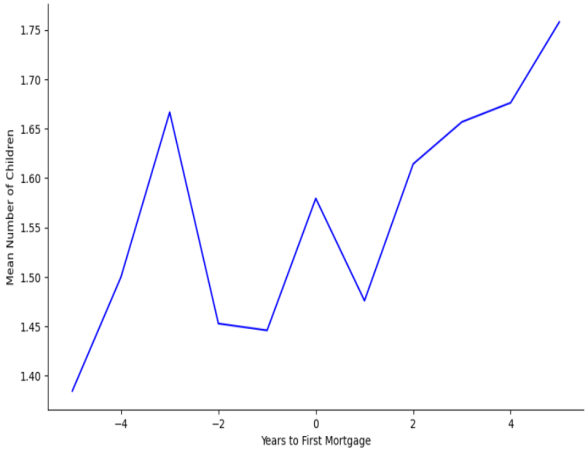
(g) Mean Financial Literacy and Years to First Mortgage*



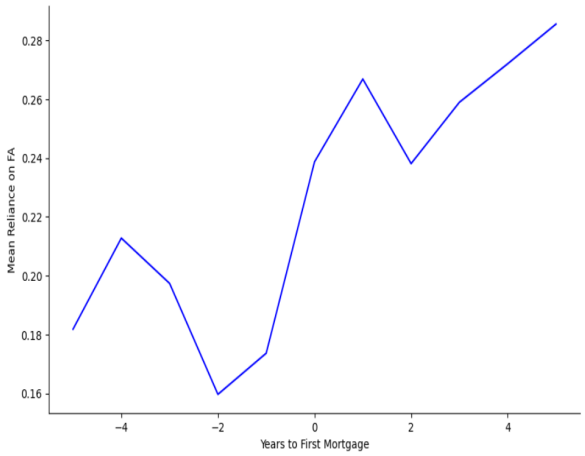
(h) Mean Living with Children and Years to First Mortgage*



(i) Mean Marital Status and Years to First Mortgage



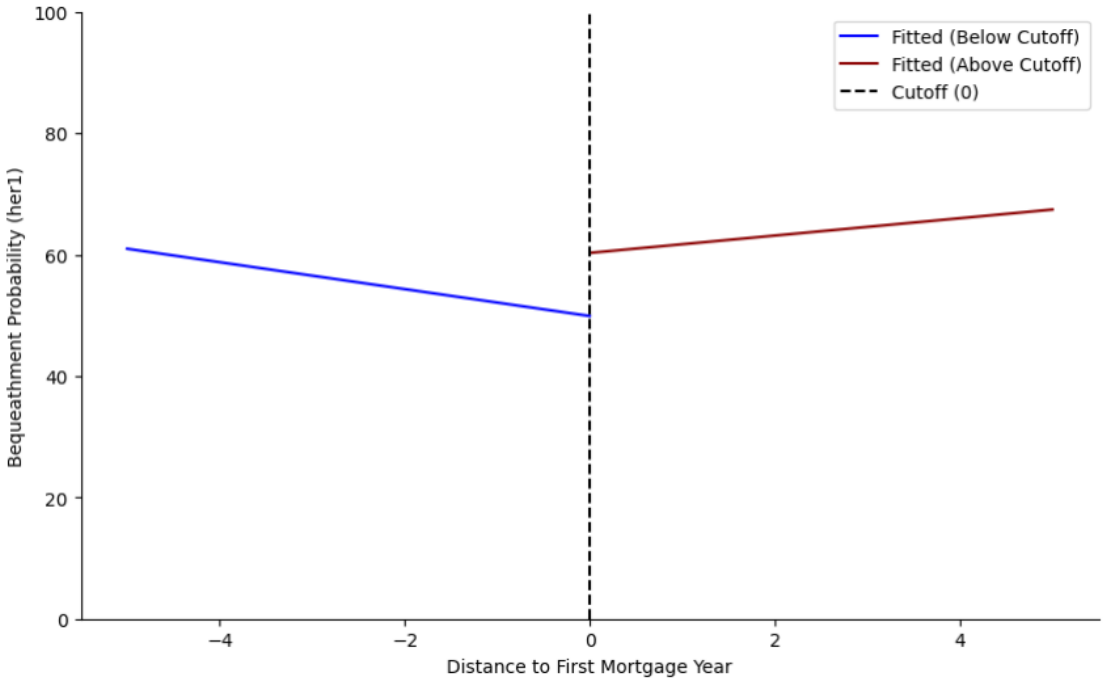
(j) Mean Number of Children and Years to First Mortgage



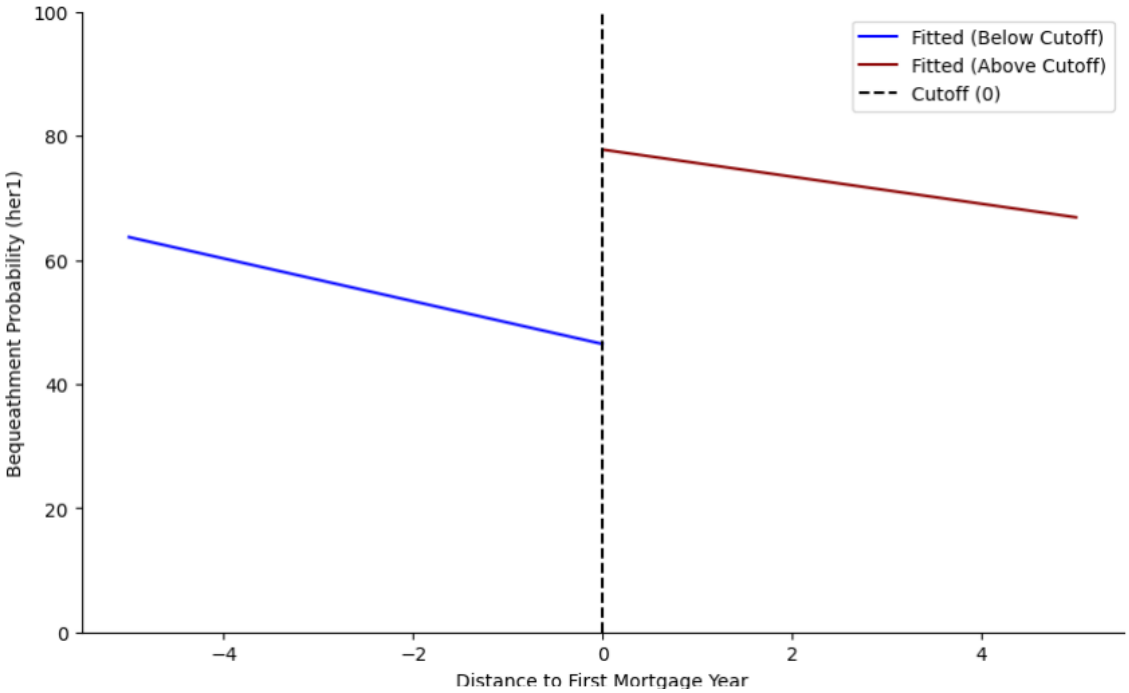
(k) Mean Reliance on FA and Years to First Mortgage

Note: This figure plots years surrounding mortgage unndertaken against bequest and demographics. Years to first mortgage is defined as years to year where one first purchase, inherit or build a house that is accompanied by a mortgage. *Mean Bequest (Small) refers to Bequest Low while Mean Bequest (Large) refers to Bequest High.

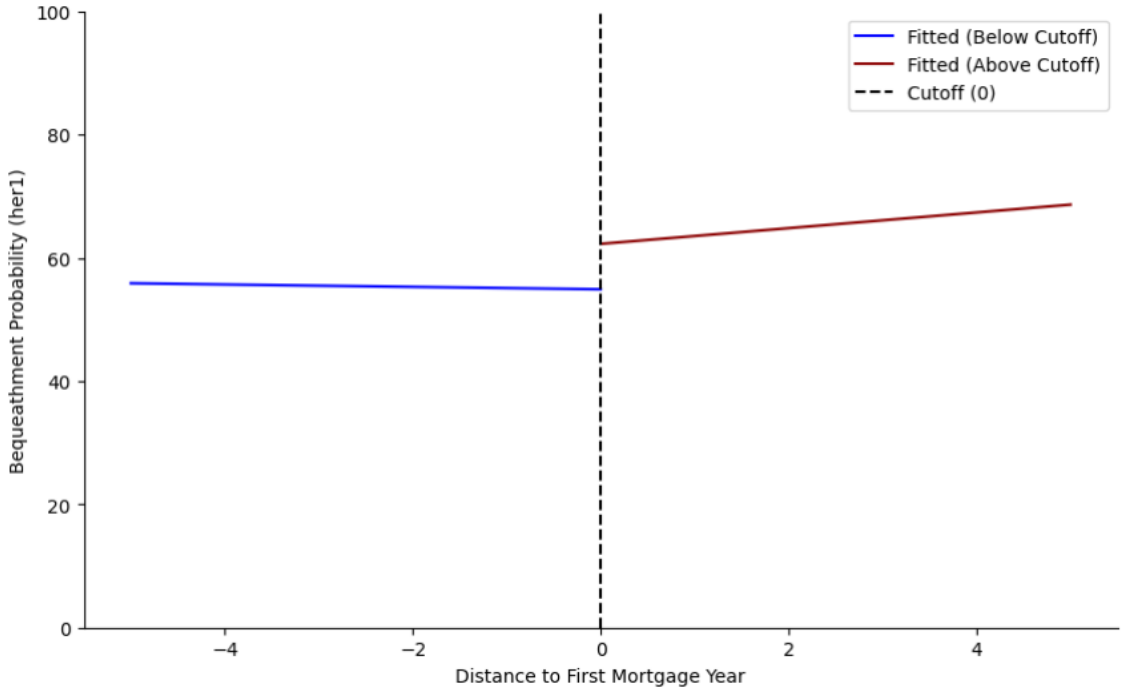
Figure 6: RD Design Heterogeneity Analysis



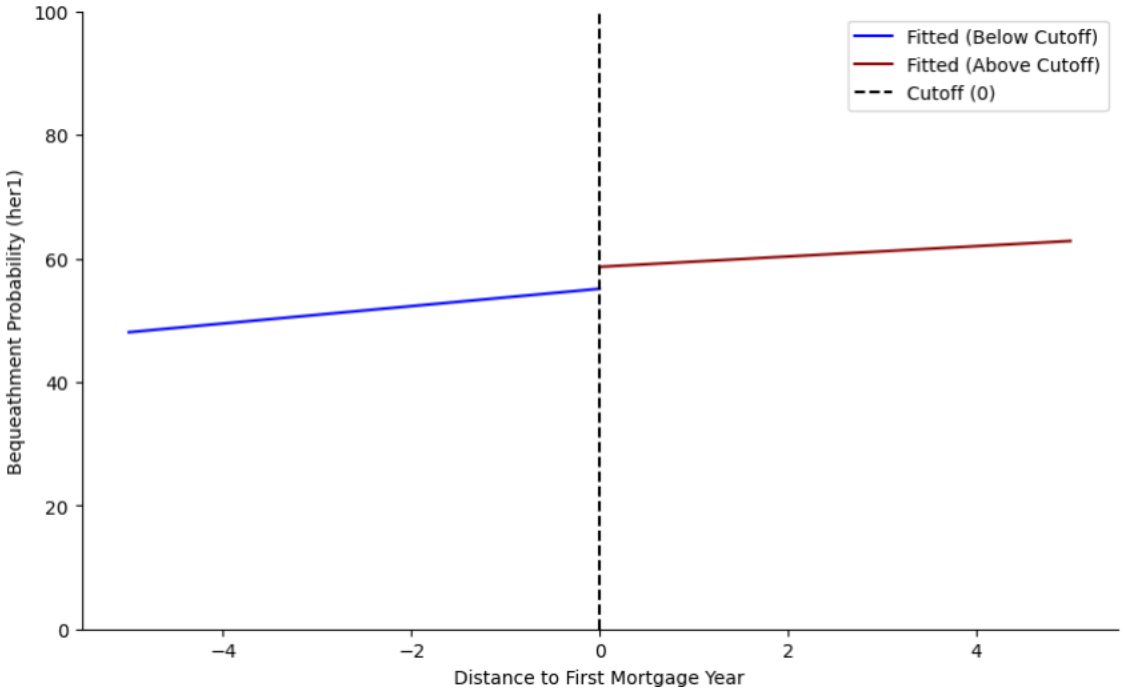
(a) Sub-sample of non-married indviduals



(b) Sub-sample of individuals with non-children



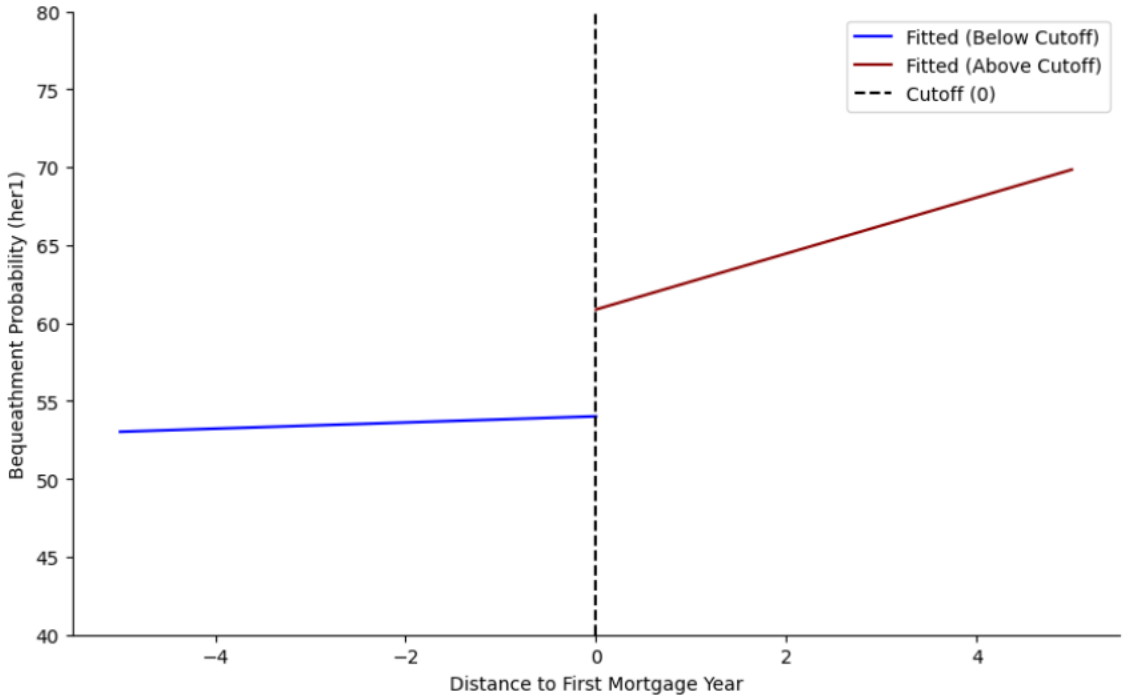
(c) Sub-sample of individuals not living with children



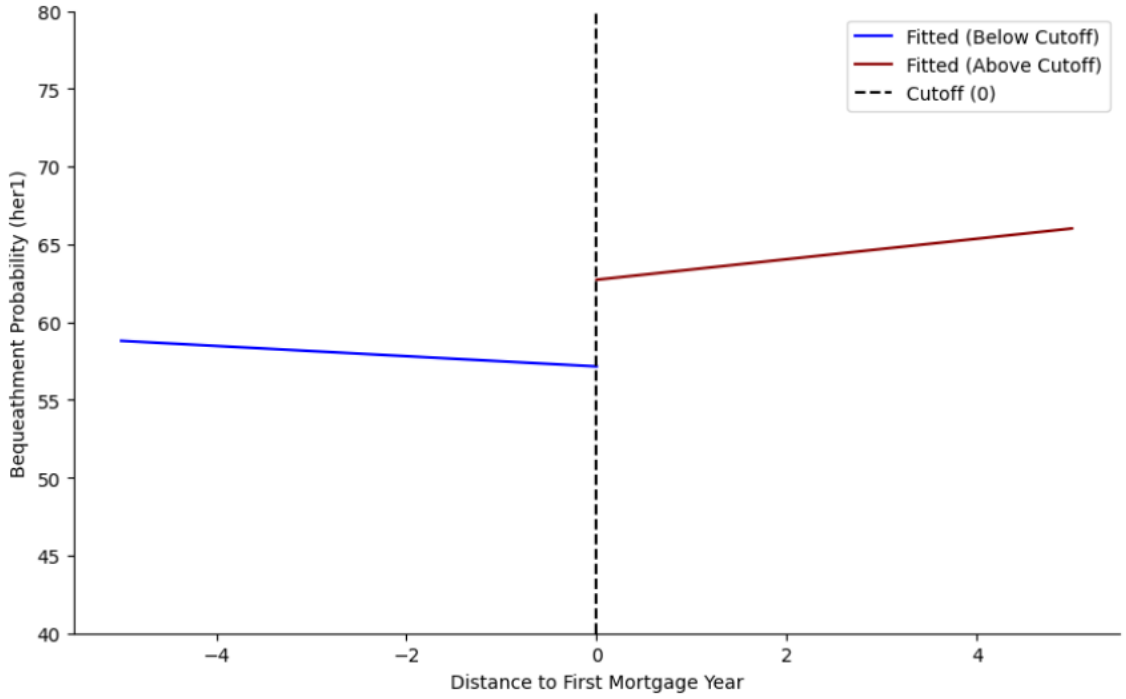
(d) Sub-sample of less financially literate people

Note: This figure shows sub- samples' bequest probability at low amounts (Bequest >10,000) or Bequesu Low in the years surrounding the undertaking of a mortgage.

Figure 7: Discontinuity after mortgage undertaken for full sample (For Mortgages undertaken before and after 2013



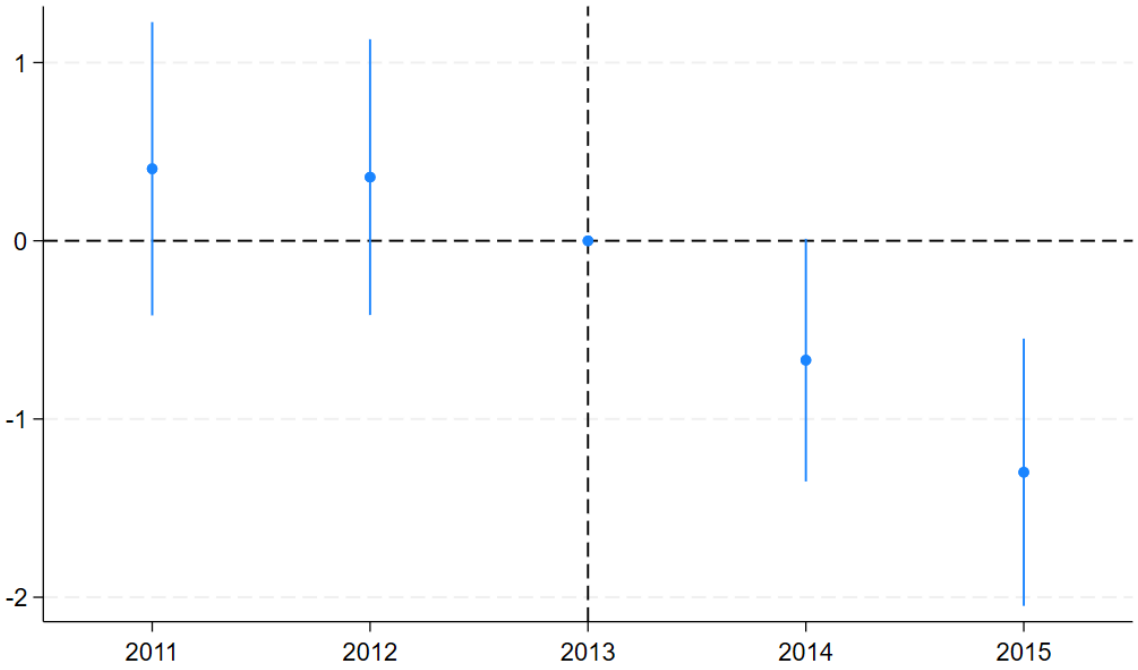
(a) Mortgage is taken after 2013



(b) Mortgage is taken before 2013

Note: The top figure filters observations based on mortgages taken in 2013 and after while the bottom figure filters observations based on mortgages taken before 2013.

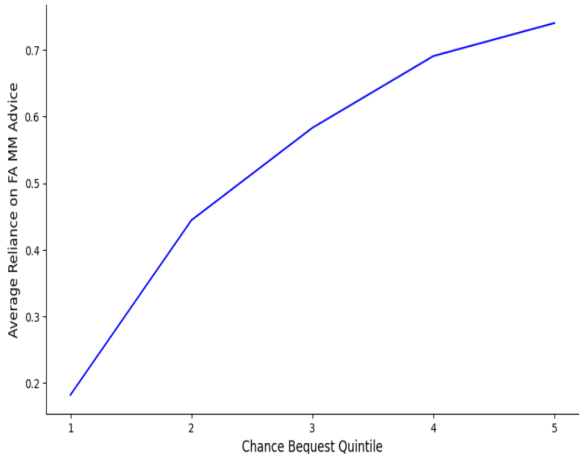
Figure 8: Event DiD Graph



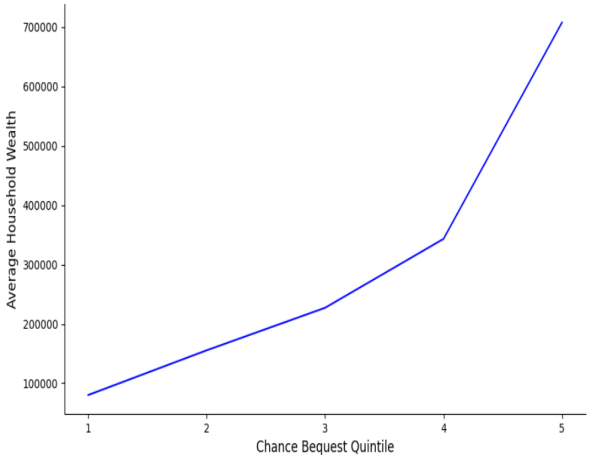
(a) Event Study DiD Chart - 2013 ban on commissions for financial advisory services in Netherlands

Note: This figure shows treated sample's (individuals that have ever undertaken a mortgage) bequest probability at low amounts (Bequest Low) after mortgage is undertaken compared to years prior to undertaking a mortgage. X axis plots year while Y axis plots bequest probability.

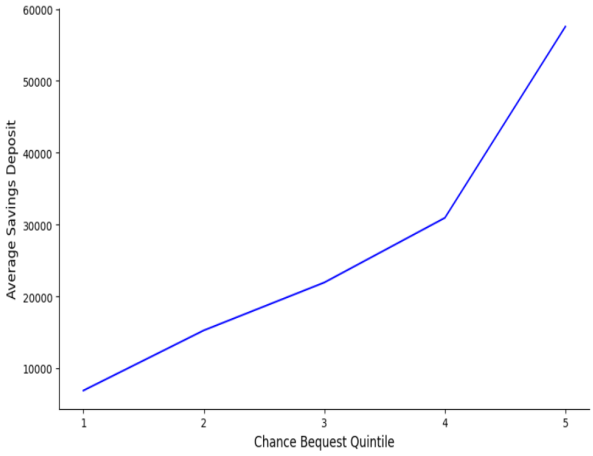
Figure 9: Plot of reliance on FA against demographics and financial variables



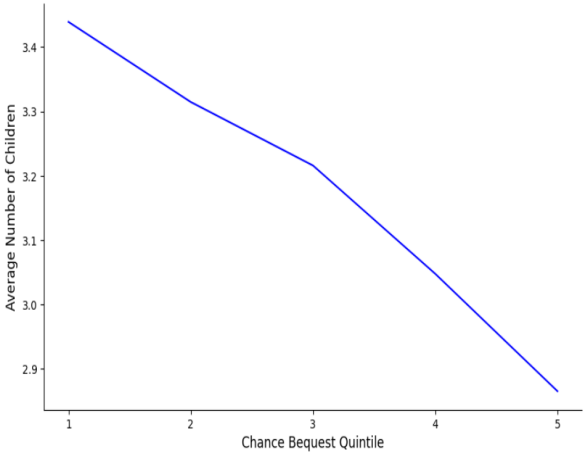
(a): Chance leave bequest against Financial Advisor



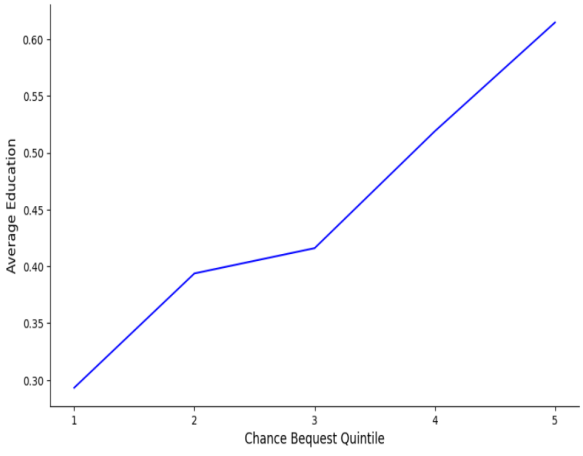
(b): Chance leave bequest against household wealth



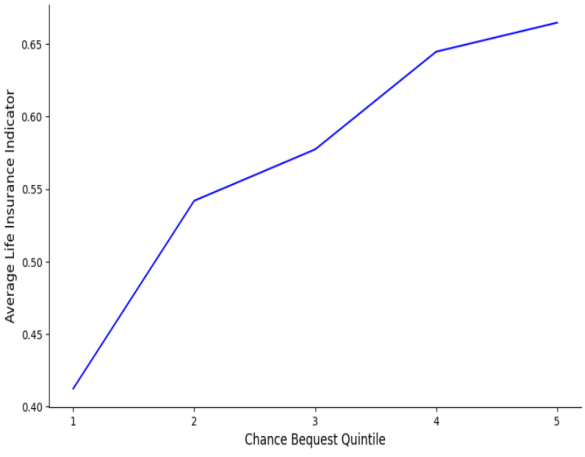
(c): Chance leave bequest against Savings deposits



(d):Chance leave bequest against Number of children



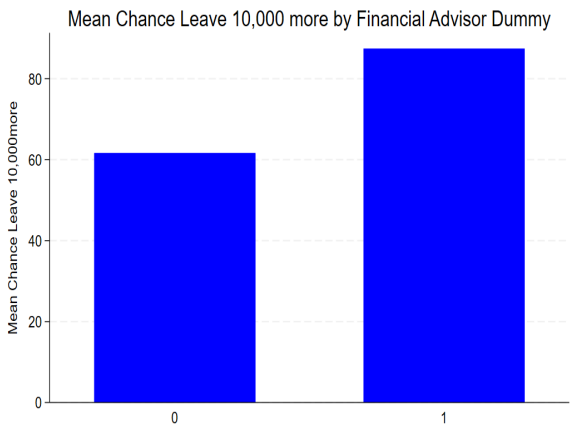
(e): Chance leave bequest against Education



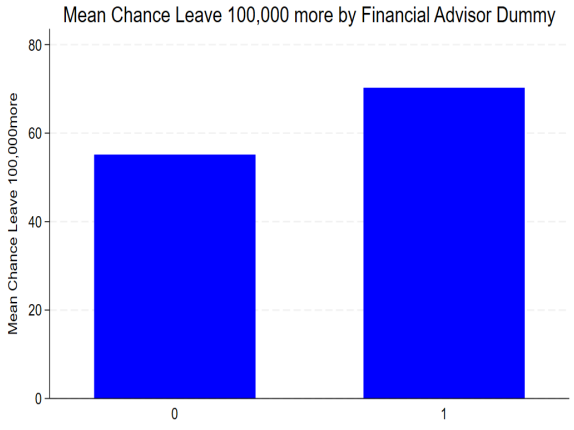
(f):Chance leave bequest against Life Insurance indicator

Notes: Figures plot Chance leave bequest which refers to probability of Bequest >10,000 against demographic and financial variables. X axis variables are in quintiles.

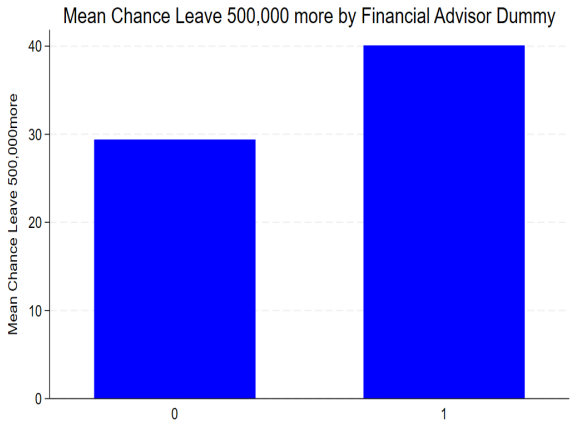
Figure 10: Differences in bequest motives and demographics between reliance on financial advisor or otherwise (HRS)



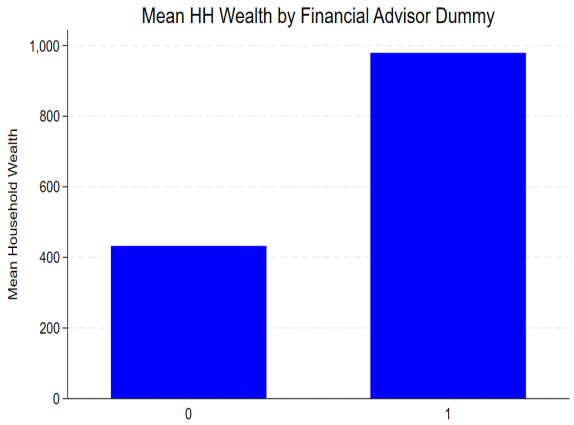
(a): Financial Advisor against bequest >10,000



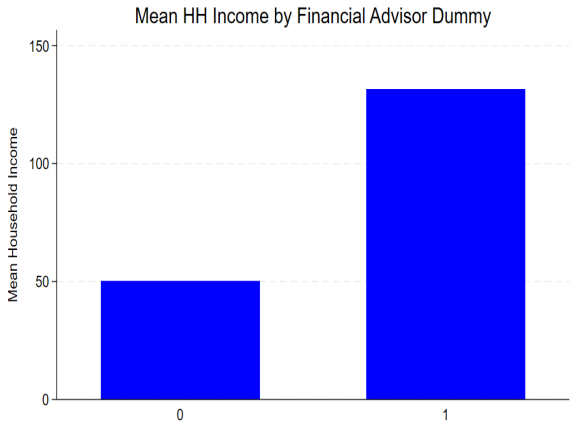
(b): Financial Advisor against bequest >100,000



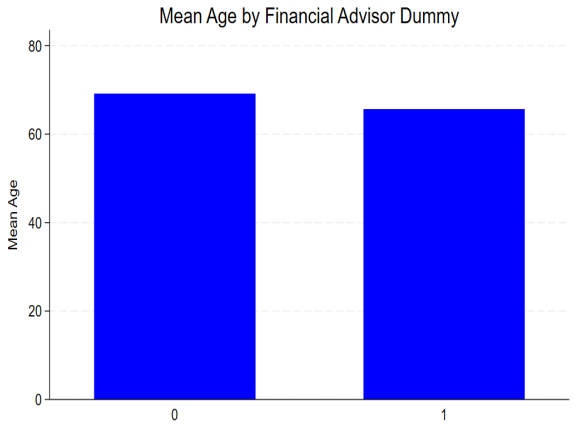
(c): Financial advisor against bequest >500,000 more



(d): Financial advisor against Household Wealth



(e): Financial advisor against Household Income



(f): Financial advisor against Age

Notes: As HRS special module survey is cross-sectional data, there are only 2 options for reliance on financial advisor which is either one does (right bar chart; '1') or does not (left bar chart; '0') rely on financial advisor. Y-axis refers to mean bequest motives or demographics.

Online Appendix

A Additional Graphs and Tables

Table A(1): Regression Results - OLS

VARIABLES	(1)	(2)	(3)
		OLS	
	Bequest Low	Bequest High (Log)	Bequest >0
Financial Advisor	0.745	0.063**	1.300**
	(0.536)	(0.026)	(0.461)
Financial Literacy	1.729***	0.086***	0.317
	(0.513)	(0.028)	(0.428)
Gender	-4.854	-	11.564
	(13.900)		(10.598)
Age	7.299**	-1.536***	6.359***
	(3.380)	(0.016)	(1.717)
Marital Status	2.608***	0.167***	0.538
	(0.666)	(0.047)	(0.744)
Education	6.736**	0.118	3.506
	(2.358)	(0.119)	(2.034)
Living with Children	0.553	-0.046	0.056
	(0.913)	(0.043)	(0.660)
$W\{90-100\}$	4.362***	0.293***	3.734**
	(1.150)	(0.054)	(1.484)
$W\{80-90\}$	4.598***	0.149**	2.612**
	(0.875)	(0.062)	(0.965)
$W\{70-80\}$	3.312***	0.122***	2.527***
	(0.695)	(0.040)	(0.752)
$W\{60-70\}$	3.334***	0.112**	0.922
	(0.634)	(0.043)	(0.642)
$W\{50-60\}$	1.964**	0.034	1.120*
	(0.721)	(0.042)	(0.536)
Constant	-351.204*	78.872***	-301.732***
	(189.084)	(0.782)	(98.023)
Observations	30,687	10,596	32,851
R-squared	0.679	0.691	0.680
Individual FE	YES	YES	YES
Year FE	YES	YES	YES

Note: This table shows OLS results where column 1 refers to probability of bequeathing >10,000 , column 2 refers to log transformed probabilities of bequeathing >500,000 and column 3 refers to probability of bequeathing anything. *** p<0.01, ** p<0.05, * p<0.1.

Table A(2)(1): Association Life Insurance Advisors and Bequeathment: HRS Data

VARIABLES	(1)	(2)	(3)
		OLS	
	Made Will	Bequest >10,000	Bequest >100,000
Number of Life Insurance*	0.022	0.014	0.050***
	(0.030)	(0.014)	(0.019)
Financial Advisor	0.138	0.084*	0.012
	(0.084)	(0.048)	(0.058)
Friends Family	0.048	-0.096*	-0.123*
	(0.086)	(0.052)	(0.063)
Education	0.118*	0.044	0.056
	(0.065)	(0.037)	(0.050)
Marital Status	0.165**	-0.020	0.055
	(0.071)	(0.039)	(0.054)
Age	0.013***	0.000	0.002
	(0.003)	(0.001)	(0.002)
Number of Children	-0.001	0.012	-0.015
	(0.016)	(0.008)	(0.013)
Gender	-0.043	0.059*	0.058
	(0.057)	(0.031)	(0.041)
HH Wealth +	0.000*	0.000***	0.000***
	(0.000)	(0.000)	(0.000)
Constant	-0.561***	0.668***	0.381***
	(0.189)	(0.106)	(0.146)
Observations	263	262	255
R-squared	0.161	0.154	0.141

Note: This table uses the HRS 2016 experimental module to test for association between reliance on insurance advisors for advice using Number of Life Insurance as a proxy for reliance on insurance advisors and bequeathment variables. Friends Family is a indicator variable that aggregated relying on friends and family for money management advice. Robust standard errors are in parenthesis. The definition of Number of Life Insurance held* is slightly different from DHS as it is not specifically defined in DHS. (DHS uses single premium / annuity insurance). + is winsorized and given in thousands. Standard errors are clustered by individuals *** p<0.01, ** p<0.05, * p<0.1.

Table A(2)(2): Association Life Insurance Advisors and Bequeathment: DHS Data

VARIABLES	(1)	(2)	(3)	(4)	(5)
			OLS		
	Bequest >0	Bequest >0> >50%	Bequest>0 >0%	Bequest> 500,000	Bequest> 500,000>50%
Number of Ins+	0.003	0.002	-0.001	-0.003	0.001
	(0.005)	(0.007)	(0.002)	(0.002)	(0.003)
Financial Advisor	0.008	0.009	0.003	0.001	0.000
	(0.005)	(0.008)	(0.004)	(0.003)	(0.003)
Financial Literacy	0.002	-0.003	0.001	0.010***	0.011**
	(0.005)	(0.009)	(0.004)	(0.003)	(0.004)
Age	0.059***	-0.024**	-0.016**	-0.009**	-0.005
	(0.007)	(0.011)	(0.007)	(0.003)	(0.004)
Marital Status	0.017**	0.015	0.018**	0.020***	0.009
	(0.007)	(0.012)	(0.008)	(0.004)	(0.006)
College Education	0.027	0.044	0.011	0.020*	-0.009
	(0.030)	(0.045)	(0.026)	(0.011)	(0.010)
Living with Children	-0.006	-0.004	-0.012	0.004	0.004
	(0.010)	(0.012)	(0.010)	(0.006)	(0.006)
Ln (HH Wealth)	0.009***	0.008**	0.005	0.004***	0.003**
	(0.003)	(0.004)	(0.003)	(0.001)	(0.001)
Constant	-2.631***	2.038***	1.831***	0.570***	0.298
	(0.376)	(0.630)	(0.414)	(0.176)	(0.193)
Observations	18,884	18,884	18,884	16,673	16,673
R-squared	0.682	0.607	0.527	0.660	0.562
Individual FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES

Note: This table uses DHS data and proxy for reliance on insurance advisor is number of single premium insurance, annuity held. +Number of Ins refers to number of single premium insurance. Ln HH Wealth is winsorized, logged and is given by millions. All specifications include identifier respondent and year fixed effects and standard errors are clustered by year. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Table A(3): Summary Statistics of bequest probabilities at various amounts

	Obs	Mean	Median	SD	% Obs=0%	% Obs>50%	Mean Wealth Levels (>= 0%) obs	Mean Wealth Levels (>50%) obs
Bequest >0	41,104	65.39	80	36.87	11%	74%	140,185.00	166,966.00
Bequest >10,000	38,707	59.53	70	37.31	13%	69%	144,373.00	179,707.00
Bequest >100,000	37,373	37.59	25	37.15	27%	42%	147,892.00	230,308.00
Bequest >500,000	34,511	8.85	0	19.27	57%	8%	153,184.00	347,098.00

Table A(3)(1): Summary Statistics of bequest probabilities at various amounts (Conditional on Bequeathment)

	Obs	Mean	Median	SD	% Obs=0%	% Obs>50%	Mean Wealth Levels (>0%) obs	Mean Wealth Levels (>50%) obs	Avg Checking	Avg Savings
Bequest >0	36,755	73.12	90	30.90	11%	74%	149,666.00	166,966.00	1.02	0.87
Bequest >10,000	33,571	68.64	80	31.31	13%	69%	157,211.00	179,707.00	1.02	0.89
Bequest >100,000	27,469	51.15	50	34.42	27%	42%	176,736.00	230,307.00	1.03	0.90
Bequest >500,000	14,680	20.81	10	25.00	57%	8%	188,123.00	347,098.00	1.02	0.89

Note: Table A(3)(1) provides summary statistics by including only observations where there is a non zero probability of bequeathing at various amounts. In other words, summary statistics on probabilities but conditional on one bequeathing. Wealth figures are based on raw figures and in EUR. All amounts refer to EUR. Avg checking accounts refer to 'BET' variables in DHS and Avg savings accounts refer to 'SPA' variables in DHS for individuals that bequeath at various amounts conditional on them having the intention to bequeath.

Table A(3)(2): Summary Statistics of bequest probabilities at various amounts (Conditional on Bequeathment)

	Obs	Mean	Median	Financial Literacy (mean if >0%)	Reliance on FA (mean if >0%)	Financial Literacy (mean if >50%)	Reliance on FA (mean if >50%)	No. of Savings Deposits+	No. of Checking+
Bequest >0	36,755	73.12	90	0.30	0.28	0.32	0.30	0.59	0.70
Bequest >10,000	33,571	68.64	80	0.31	0.28	0.34	0.30	0.59	0.69
Bequest >100,000	27,469	51.15	50	0.32	0.29	0.37	0.32	0.56	0.66
Bequest >500,000	14,680	20.81	10	0.38	0.28	0.48	0.31	0.47	0.57

Note: Table A(3)(2) provides summary statistics by including only observations where there is a non zero probability of bequeathing at various amounts. The main variables are mean financial literacy and reliance on financial advisor figures when probability of bequeathing at the various thresholds is more than 0% and more than 50% respectively.+ denote summary when mean figures are computed on conditional probability where >0%.

Table A(4): Regression Results: Bequeathment Condition (Old Age)

VARIABLES	(1)	(2)
	OLS	Probit
	Bequeath Old Age Indicator	
Financial Advisor	-0.001	0.001
	(0.004)	(0.060)
Financial Literacy	-0.000	-0.012
	(0.002)	(0.068)
Gender	0.001	0.140
	(0.002)	(0.085)
Age	0.003	0.001
	(0.004)	(0.003)
Marital Status	-0.011**	-0.079
	(0.004)	(0.089)
College Education	-0.009	-0.326***
	(0.009)	(0.081)
Living with Children	0.012**	0.174*
	(0.004)	(0.100)
Ln (HH Wealth)	-0.000	0.082***
	(0.001)	(0.023)
Constant	-0.155	-2.056***
	(0.214)	(0.221)
Observations	20,636	21,790
R-squared	0.309	-
Individual FE	YES	NO
Year FE	YES	NO

Note: Here, the dependent variable is an indicator variable of '1' if the individual bequeaths out of condition; specifically if they would like to bequeath to their children if they take care of them at old age. Base case is bequeathment without conditions (give regardless of if respondent is being taken care of); not bequeathing (either no plans or would not bequeath) and none of the statements. Dependent variable used here is uitsprdummyoption1. Column 1 uses OLS and standard errors are clustered by respondent. Column 2 uses probit model and standard errors are clustered by respondent. *** $p<0.01$, ** $p<0.05$, * $p<0.1$.

Table A(5): Regression Results: Bequeathment Condition (Old Age)

VARIABLES	(1)	(2)
	OLS	Probit
	Bequeath No Condition Indicator	
Financial Advisor	0.001	0.044
	(0.004)	(0.040)
Financial Literacy	0.001	0.095**
	(0.003)	(0.040)
Gender	-0.193***	-0.154***
	(0.005)	(0.047)
Age	0.012*	0.006***
	(0.006)	(0.002)
Marital Status	-0.019*	-0.058
	(0.010)	(0.050)
College Education	-0.040	0.084*
	(0.023)	(0.044)
Living with Children	0.012	-0.017
	(0.010)	(0.063)
Ln (HH Wealth)	0.001	0.081***
	(0.001)	(0.014)
Constant	-0.537	-1.806***
	(0.359)	(0.171)
Observations	20,636	21,790
R-squared	0.388	-
Individual FE	YES	NO
Year FE	YES	NO

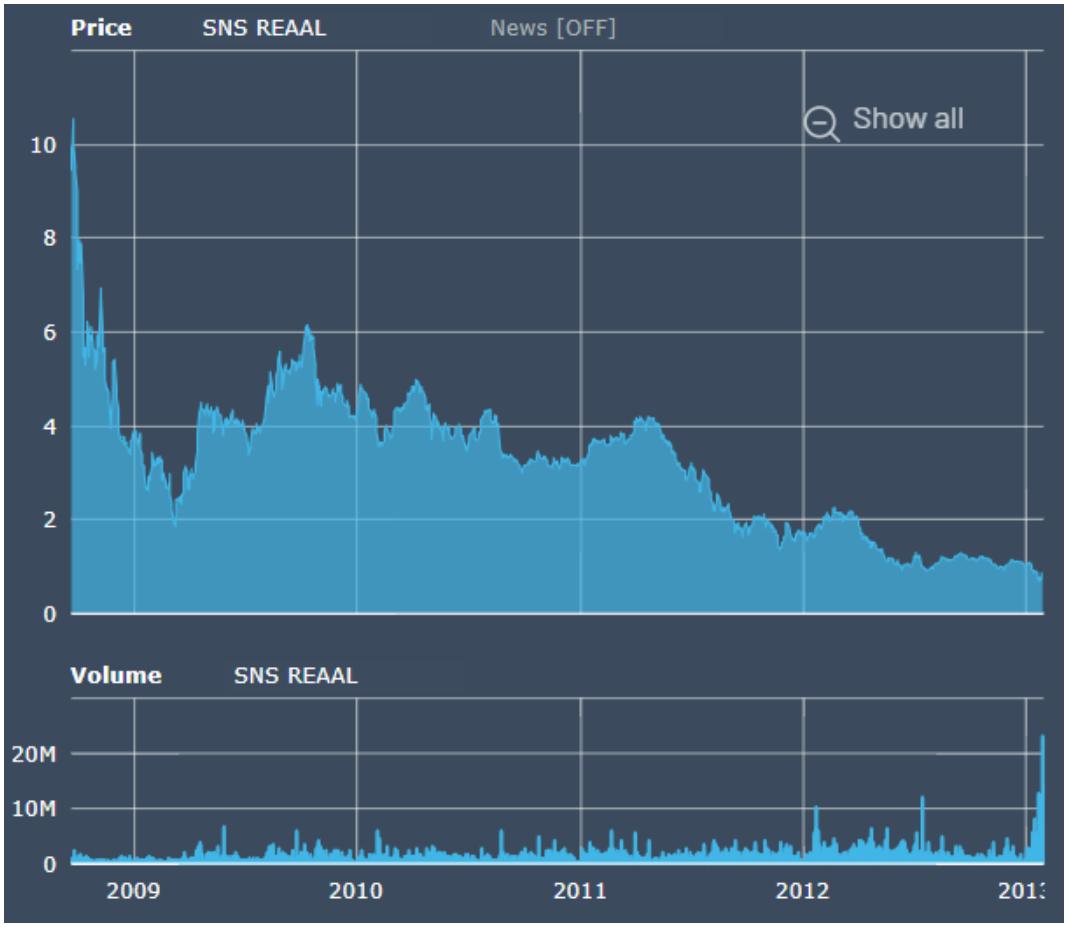
Note: Here, the dependent variable is an indicator variable of '1' if the individual bequeaths regardless of if being taken care at old age. Base case is bequeathment out of condition, not bequeathing (either no plans or would not bequeath) and none of the statements. Dependent variable used here is uitsprdummyoption2. Column 1 uses OLS and standard errors are clustered by respondent. Column 2 uses probit model and standard errors are clustered by respondent. *** p<0.01, ** p<0.05, * p<0.1.

Table A(6): HRS Cross-sectional Regression of various bequest amounts (Heterogeneity check)

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
			OLS			
	Bequest > 10,000	Bequest > 10,000 >0%	Bequest > 100,000	Bequest > 100,000 >0%	Bequest > 500,000	Bequest > 500,000 >0%
Financial Advisor	0.199***	0.157***	0.095**	0.056*	0.043	-0.033
	(0.036)	(0.030)	(0.043)	(0.032)	(0.042)	(0.045)
Education	0.036	0.057*	0.013	0.042	-0.006	0.016
	(0.035)	(0.029)	(0.042)	(0.035)	(0.043)	(0.043)
Marital Status	0.043	0.059*	0.068	0.042	0.057	0.027
	(0.036)	(0.031)	(0.043)	(0.033)	(0.044)	(0.045)
Age	0.001	0.001	-0.001	-0.004**	0.000	-0.001
	(0.001)	(0.001)	(0.002)	(0.001)	(0.002)	(0.002)
Number of Children	-0.009	-0.006	-0.017*	-0.008	-0.000	-0.004
	(0.009)	(0.008)	(0.010)	(0.008)	(0.011)	(0.011)
Gender	0.032	0.010	0.035	0.002	0.014	0.014
	(0.029)	(0.024)	(0.035)	(0.027)	(0.037)	(0.038)
HH Wealth+	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Constant	0.518***	0.670***	0.531***	1.047***	0.157	0.830***
	(0.110)	(0.101)	(0.124)	(0.104)	(0.126)	(0.129)
Observations	427	437	388	437	348	437
R-squared	0.189	0.162	0.129	0.094	0.180	0.020
Cluster Error Respondent	YES	YES	YES	YES	YES	YES

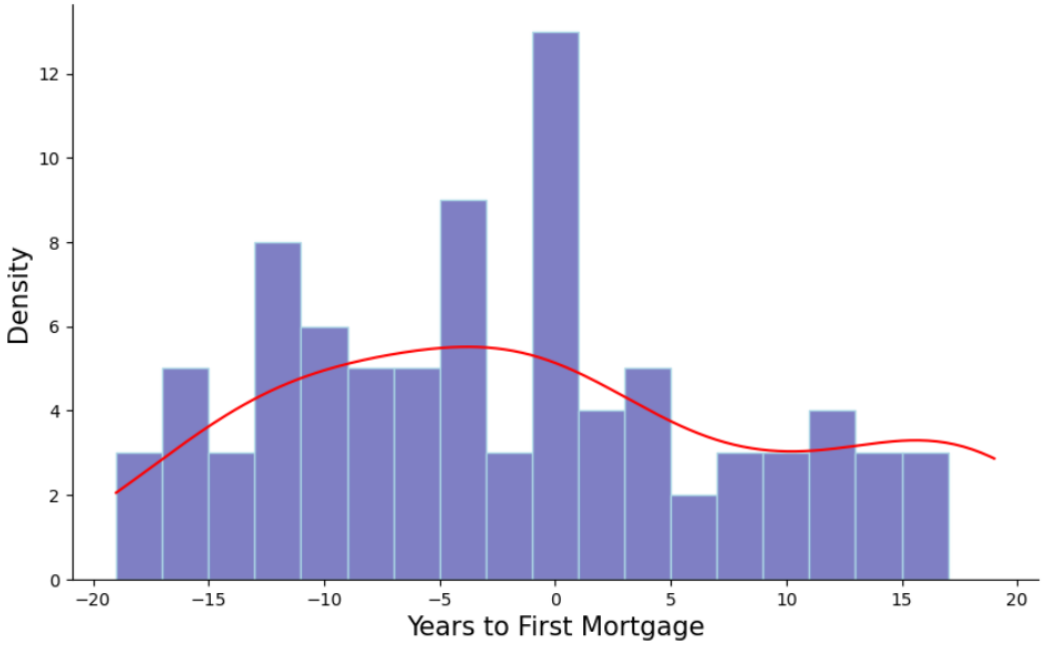
Note: This table shows association test between reliance on financial advisor for money management advice and bequeathment variables chance of leaving more than 10,000 of inheritance and 100,000 of inheritance as proxied from 2016 HRS experimental data. + is winsorized and is given in thousands. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Figure A(1): Plot of SNS Reaal stock performance (Euronext)



Note: This figure shows a plot of SNS Reaal's stock performance after 2008-2009 crisis and before being listed in 2013 due to government takeover.

Figure A(2): Histogram plot of density of years from first mortgage



Note: This figure shows a plot of density with regards to number of observations in each bin (2 years) of years from first mortgage.

Appendix B: Variable Definition

Variable: Provision other than spouse Dummy

Have you made provisions in your [will/will or trust/trust] for any family members [other than your [husband/wife/partner]]?

- -8: Web non-response
- 1: YES
- 5: NO
- 8: DK (Don't Know)
- NA: Not Ascertained
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

Adjust dummy variable to '1' for Option 1; and 0 for No, don't know and refuse (base variables) **Source: HRS Codebook 2020**

Variable: Include children stepchildren Dummy

Does that include any of your children or step-children?

- -8: Web non-response
- 1: YES
- 5: NO
- 8: DK (Don't Know)
- NA: Not Ascertained

- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

Adjust dummy variable to '1' for Option 1; and 0 for No, don't know and refuse (base variables) **Source: HRS Codebook 2020**

Variable: Made Will Indicator

Do you currently have a will that is written and witnessed? INSTR:Do not include living wills. A living will is a type of health care advanced directive that we will ask about separately

- -8: Web non-response
- 1: [YES, WILL/YES, WILL ONLY]
- 2: [VOL] YES, WILL AND TRUST/YES, BOTH WILL AND TRUST]
- 3: [[VOL] NO WILL, BUT HAVE TRUST/NO, TRUST ONLY]
- 5: [NO WILL/NO, NEITHER WILL OR TRUST]
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

Adjust dummy variable to '1' for Options 1, 2 and 3; and 0 for the rest of the options. So basically, dummy variable is 1 if there is some form of either will or trust or both that has been made. 0 for no will, no trust (so totally no will or trust made) or don't know.

Source: HRS Codebook 2020

Variable: Chance leave inheritance >10,000

Do you currently have a will that is written and witnessed? INSTR:Do not include living wills. A living will is a type of health care advanced directive that we will ask about separately

- -8: Web non-response
- 1: [YES, WILL/YES, WILL ONLY]
- 2: [VOL] YES, WILL AND TRUST/YES, BOTH WILL AND TRUST]
- 3: [[VOL] NO WILL, BUT HAVE TRUST/NO, TRUST ONLY]
- 5: [NO WILL/NO, NEITHER WILL OR TRUST]
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

Adjust dummy variable to '1' for Options 1, 2 and 3; and 0 for the rest of the options. So basically, dummy variable is 1 if there is some form of either will or trust or both that has been made. 0 for no will, no trust (so totally no will or trust made) or don't know. **Source: HRS Codebook 2020**

Variable: Chance leave inheritance >100,000

And what are the chances that you [and your [husband/wife/partner]] will leave an inheritance totaling 100,000 or more?

- Chance leave inheritance >100,000: Untransformed probability
- Chance leave inheritance >100,000 Dummy: Transformed dummy variable if Chance leave inheritance ¿100,000 is greater than 0

In 2020 HRS, variable is RP006. **Source: HRS Codebook 2020**

Variable: Chance leave inheritance >100,000

And what are the chances that you [and your [husband/wife/partner]] will leave an inheritance totaling 100,000 or more?

- Chance leave inheritance >100,000: Untransformed probability

- Chance leave inheritance >100,000 Dummy: Transformed dummy variable if Chance leave inheritance ¿100,000 is greater than 0

In 2020 HRS, variable is RP006. **Source: HRS Codebook 2020**

Variable: Chance leave inheritance >500,000

And what are the chances that you [and your [husband/wife/partner]] will leave an inheritance totaling 500,000 or more?

- Chance leave inheritance >500,000: Untransformed probability
- Chance leave inheritance >500,000 Dummy: Transformed dummy variable if Chance leave inheritance ¿500,000 is greater than 0

In 2020 HRS, variable is RP006. **Source: HRS Codebook 2020**

Variable: Life Insurance Indicator

Do you have any life insurance, including individual or group policies?

- INSTR: Do not include burial insurance
- -8: Web non-response
- 1: YES
- 5: NO
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

Based on RT011 for year 2020 survey and so on **Source: HRS Codebook 2020**

Variable: Home Owner Indicator

Housing questionnaire: RH004 for year 2020 (Whether own or rent home). Dummy variable based on if response is 1, he or she is owner of the home **Source: HRS Codebook 2020**

Variable: College Education Indicator

Based on variable raeduc from RAND; dummy is 1 if 'Highest education' is college and above (which is options 4 and 5; either some college or college and above).

Source: HRS Codebook 2020

Variable: Marital Status Indicator

Based on variables: r8mstat/ r9mstat/ r10mstat/ r11mstat/ r12mstat/ r13mstat/ r14mstat/r15mstat from RAND. Adjust dummy variable to 1.0 for Options 1,2 ; and 0 for the rest of the options. In sum, dummy variable is 1 if there is a spouse or even if married, spouse may be absent and 0 otherwise. Partnered is not considered married in this example.

Source: HRS Codebook 2020

Variable: Age

Based on variable rabyear which is year born. Take survey year and subtract year born.

Source: HRS Codebook 2020

Variable: Number of Children

Based on variables: h8child/h9child/h10child/h11child/h12child/h13child/h14child/h15child from RAND.

Source: HRS Codebook 2020

Variable: Gender

Based on variable ragender: Initially, male is denoted as 1.0 and female as 2.0; adjust $\text{gender}_{d}ummytomaleas1.0andfemaleas0.0$.

Source: HRS Codebook 2020

Variable: HH Income (win.) (mil)

Total Household Income (Respondent and Spouse) based on RAND variable 'h8itot' / 'h9itot' / 'h10itot' / 'h11itot' / 'h12itot' / 'h13itot' / 'h14itot' / 'h15itot'

Source: HRS Codebook 2020

Variable: Ln HH Income (win.) (mil)

Based on Total Wealth figure in RAND.

Variables are h8atotb to h15atotb.

Source: HRS Codebook 2020

Variable: PV106

Does anyone currently help you [and your spouse/partner] make decisions about your money management, particularly saving, investment, taxes, insurance, or benefits?

- 1: YES
- 5: NO
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv106dummy for option number 1 **Source: HRS Codebook 2020**

Variable: PV107

What is the reason that you do not get help with money management decisions? Choose all that apply:

- 1: DON'T NEED HELP; CAN DO IT ON MY OWN
- 2: TOO LITTLE MONEY TO MANAGE
- 3: LACK OF TRUST IN ADVISORS (FINANCIAL ADVISORS/PLANNERS/COUNSELOR)
- 4: FEES TOO HIGH; TOO EXPENSIVE

- 5: DON'T KNOW WHOM TO ASK
- 6: NEVER THOUGHT ABOUT IT
- 7: OTHER
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv107dummy (Option number 3 and reason is lack of trust in advisors) **Source: HRS Codebook 2020**

Variable: PV108

Who helps you [and your spouse/partner] with making decisions about money management, particularly saving, investment, taxes, insurance, mortgage, retirement, or benefits?

- 1: CHILD OR CHILD-IN-LAW
- 2: OTHER RELATIVE
- 3: FRIEND
- 4: FINANCIAL ADVISOR, PLANNER, ACCOUNTANT, OR OTHER PROFESSIONAL INVESTMENT COUNSELOR
- 5: LAWYER
- 6: BANKER
- 7: SOCIAL SECURITY REPRESENTATIVE
- 8: HUMAN RESOURCES STAFF

- 9: ON LINE CALCULATOR
- 10: OTHER (SPECIFY)
- 98: DK (Don't Know); NA (Not Ascertained)
- 99: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv108whohelpsMMadvisordummy (for option 4, financial advisor) 'Financial advisor MM advice' variable
pv108whohelpsMMfriendfamily (for options 1,2,3; friends and family) 'Friends, family MM advice' variable
pv108whohelpsMMothers (for options 5,6,7,8,9,10; lawyer, banker, social security representative, human resources staff , on line calculator and others) 'Others MM advice' variable

Source: HRS Codebook 2020

Variable: PV110

What type of money management help do you [and your spouse/partner] receive from (this person/these persons)?

- 1: HELP WITH STOCKS, BONDS OR MUTUAL FUNDS
- 2: DECIDING HOW TO SPEND SAVINGS
- 3: BUYING AN ANNUITY
- 4: BUYING HEALTH, LIFE, OR OTHER INSURANCE
- 5: SELECTING A PRESCRIPTION DRUG PLAN
- 6: DECIDING ABOUT SOCIAL SECURITY OR PENSION BENEFITS
- 7: SELLING OR BUYING PROPERTY

- 8: HELP WITH A HOME EQUITY LOAN OR REVERSE MORTGAGE
- 9: ESTATE PLANNING
- 10: SETTING UP A TRUST
- 11: WRITING A WILL
- 12: OTHER (SPECIFY)
- 98: DK (Don't Know); NA (Not Ascertained)
- 99: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv110helpwhatdummy (where help is estate planning, setting up trust and writing a will; options 9,10,11)

Source: HRS Codebook 2020

Variable: PV107

What is the reason that you do not get help with money management decisions? Choose all that apply:

- 1: DON'T NEED HELP; CAN DO IT ON MY OWN
- 2: TOO LITTLE MONEY TO MANAGE
- 3: LACK OF TRUST IN ADVISORS (FINANCIAL ADVISORS/PLANNERS/COUNSELOR)
- 4: FEES TOO HIGH; TOO EXPENSIVE
- 5: DON'T KNOW WHOM TO ASK
- 6: NEVER THOUGHT ABOUT IT

- 7: OTHER
- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv107dummy (Option number 3 and reason is lack of trust in advisors) **Source: HRS Codebook 2020**

Variable: PV116

On a scale of 1 to 7 where 1 is low, and 7 is high, how satisfied are you [and your spouse/partner] with the money management help that you [and your spouse/partner] receive?

- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)

Raw scale

Source: HRS Codebook 2020

Variable: PV129

How much do you trust bankers or other professional financial advisors to provide you with useful information about your money decisions? Would you say that you trust them very much, somewhat, not very much, or not at all?

- 1 VERY MUCH
- 2: SOMEWHAT
- 3: NOT VERY MUCH
- 4; NOT AT ALL

- 8: DK (Don't Know); NA (Not Ascertained)
- 9: RF (Refused)
- Blank: INAP (Inapplicable); Partial Interview

pv129dummy (for options 1 and 2 which is very much and somewhat)

Source: HRS Codebook 2020

Variable: HER1

What is the chance that you will leave an inheritance (including possessions and valuable items) of more than 10,000 euro?

- 0 means 'no chance' 100 means 'absolutely sure'

Chance leave >10,000 >50% dummy: Transformed dummy variable where '1' is if there is a more than 50% probability of bequeathing more than 10,000.

Source: DHS

Variable: HER2

What is the chance that you will leave an inheritance (including possessions and valuable items) of more than 100,000 euro?

- 0 means 'no chance' 100 means 'absolutely sure'

Chance leave >100,000 >50% dummy: Transformed dummy variable where '1' is if there is a more than 50% probability of bequeathing more than 100,000.

Source: DHS

Variable: HER3

What is the chance that you will leave an inheritance (including possessions and valuable items) of more than 500,000 euro?

- 0 means 'no chance' 100 means 'absolutely sure'

Chance leave >500,000 >50% dummy: Transformed dummy variable where '1' is if there is a more than 50% probability of bequeathing more than 500,000.

Source: DHS

Variable: Importance of saving for bequeathment (Importance save bequeath)

How important do you think it is to have savings in your situation? (SPAARM09 and SPAARM01B)

- 1 means 'very unimportant' 7 means 'very important' to leave money, a house and/or other valuable assets to your children (or other relatives)? Indicate how important this is to you on a scale from 1 to 7.

1,2,3,4 is reference group; those who think it is very unimportant and quite unimportant. Dummy variable groups together options 5,6,7.

Source: DHS

Variable: Importance save money for children, grandchildren (spaarm02adjusteddummy)

How important is it for you to have some money saved to give money to help your (grand)children if they have financial difficulties?

- 1 means 'very unimportant' 7 means 'very important' to leave money, a house and/or other valuable assets to your children (or other relatives)? Indicate how important this is to you on a scale from 1 to 7.

1,2,3,4 is reference group; those who think it is very unimportant and quite unimportant. Dummy variable groups together options 5,6,7.

Source: DHS

Variable: PLAN (Planbequeath)

Do you give large amounts of money to your children in order to transfer part of your capital to them, or are you planning to do so in the future, e.g. every year?

- 1 no / 2 yes, I already give large amounts now/ 3 yes, I am planning to give large amounts in the future / -9 don't know

1 and do not know is reference group; those who think it is very unimportant and quite unimportant. Dummy variable groups together options 2, 3 (Base case as no or do not know). Alternatively, plandummyoption2 (which gives dummy 1.0 for option 2, the rest are all base variables) and a plandummyoption3 (which gives dummy 1.0 for option 3, the rest are all base variables).

Source: DHS

Variable: UITSPR (Why bequeath)

Please indicate which of the following statements would be closest to your own opinion about this? Please read 'I' instead of 'we' if necessary.

- 1 If our children would take good care of us when we get old, we would like to leave them a considerable bequest /2 We would like to leave our children a considerable bequest, irrespective of whether they will take care of us or not, when we are old/ 3 We have no preconceived plans about leaving a bequest to our children/ 4 We don't intend to leave a bequest to our children / 5 None of the statements mentioned above

3,4,5 is reference group; those who think it is very unimportant and quite unimportant. Dummy variable groups together options 1,2. uitsprdummyoption1 and uitsprdummyoption2 which further segregates option 1 (which gives dummy 1.0 for option 1) and the second dummyoption2 which gives dummy 1.0 for option 2 so as to differentiate between the condition that one would leave considerable bequest.

Source: DHS

Variable: College Education (oplzondummy)

Dummy variable of 1 for college education if choices are either vocational college or university education.

Source: DHS

Variable: Marital Status (burgstdummy)

Dummy variable of 1 for college education if choices are either vocational college or university education.

Source: DHS

Variable: Gender (geslacht)

Dummy variable of 1 for male.

Source: DHS

Variable: Number of children (aantalki)

Number of children, non-adjusted

Source: DHS

Variable: Household Living Status (woningdummy)

Dummy variable of 1 if owner-occupied property

Source: DHS

Variable: Financial Literacy (kunde)

Dummy variable of 1 if self-assessed knowledgeable or very knowledgeable on financial matters. Base case as not knowledgeable or neutral.

Source: DHS

Variable: Living with Children (woonvorm)

Dummy variable of 1 if individual is living together with partner, child(ren) living at home or is living without a partner, but with child(ren)

Source: DHS

Variable: Age (gebjaar)

Age, as derived from year of data – year of birth (gebjaar variable)

Source: DHS

Variable: HH Income (win.) (mil) (HHincomeliteracywotaxwithsinst)

- Columns to sum: 'loon','ww','wg','wao','wajong','waz','aow','abw','vut','og','alim','rente','abw','winst', Where loon: pay/salary (gross), ww: unemployment benefit (gross), wg: unempl. benefits civil servants (gross), wao: disability benefits (gross), wajong: disability benefits for persons who were already disabled at the age of 17 and therefore could not work (gross), aow: general old age pension (US: social security payments) (gross), abw: social assistance (US: Social Security Payments) (gross), vut: early retirement benefits (gross), og: real estate income/letting of rooms (gross), alim: alimony from spouse (gross), rente: interest/dividends/other income (gross), abw: social assistance (US: welfare)/ benefits for self-employed (gross), winst: profits (gross)

Source: DHS

Variable: Ln HH Wealth (win.) (mil) (hhwealthliteracywithstocksMF)

- Columns to sum = 'b1b', 'b3b', 'b4b', 'b6b', 'b12b', 'b13b', 'b14b', 'b19ogb', 'b20b', 'b21b', 'b22b', 'b23b', 'b24b', 'b25b', 'b28b', 'b26ogb', 'b27ogb', Where b19ogb: Real estate total excluding primary accommodation, b20b: Cars, b21b: Motorbikes, b22b: Boats, b23b: Caravans/ Trailers, b24b: Money lent out to family and friends, b25b: Savings, investments not yet mentioned, b28b: Stocks from substantial holdings, b26ogb: Value of first house owned, b27ogb: Value of second house owned/
- Columns to subtract = 's1b', 's2b', 's3b', 's4b', 's5b', 's6b', 's7b', 's8b', 'b19hyb', 'b26hyb', 'b27hyb', Where s1b: Private loans, s2b: Extended credit, s3b: Debts not mentioned, s4b Finance debts, s5b: Loans from family and friends, s6b: Study Loans, s7b: Credit card Debts, s8b: Loans not mentioned, b19hyb: Mortgages outstanding for real estate other than accommodation, b26hyb: Mortgage of first house, b27hyb: Mortgage of second house

  This denotes variable is transformed with ln and winsorized at 1% and 99% level.

Source: DHS

Variable: Relationship between household members (hhrela)

How would you define your household?

- 1 Very good relationships between the members of the household/2 Good relationships between the members of the household/ 3 Neither really good nor really bad relationships between the members of the household/ 4 Bad relationships between the members of the household/ 5 Very bad relationships between the members of the household

hhreladummy returns a value of 1.0 if for Options 1 and 2 (so somewhat good relationship with Household members..) and 0.0 if otherwise.

Source: DHS

Variable: Financial Advisor (adviesdummyoneadjusted)

How would you define your household?

- 1 parents, friends or acquaintances/ 2 information from the newspapers / 3 financial magazines, guides, books/ 4 brochures from my bank or mortgage adviser/ 5 advertisements on TV, in the papers, or in other media/ 6 professional financial advisers/7 financial computer programs/ 8 financial information on the Internet/ 9 other (ADVIES)

adviesdummyone is 1 for option number 6, the rest all 0(professional financial advisors) adviesdummytwo is 1 for option number 1, the rest all 0(parents, friends or acquaintances) / adviesdummyoneadjusted is 1 for option number 6 and 4 / adviesdummyothers is 1 for all other options 2,3,4,5,7,8,9, (grouped with others) / adviesdummynewspapers is 1 for option number 2, 3 and 5 / adviesdummyinternet is 1 for option number 7 and 8

Source: DHS

Variable: Advice Financial Advisor (dnb203dummy)

Did you obtain advice on how to bridge the period between (a possible) early retirement and your state pension entitlement age? If so, please choose your most important source of information.

- 1 no, I did not obtain any advice, as I will not retire early / I make use of a transitional arrangement/ 2 no, I have not obtained advice (yet), but I do want to retire early / 3 yes, from the company I work(ed) for /4 yes, from my pension fund/ 5 yes, from expert financial advisors /6 yes, from acquaintances (family, friends) /7 yes, through leaflets from my bank, mortgage advisor, insurer./ 8 yes, through financial magazines, guides and/or books / 9 yes, by looking up financial information on the Internet / 10 yes, through commercials on TV, in newspapers or other media / 11 yes, through other sources of information (DNB203)

dnb203dummyone: 1 if Financial advisor advice dnb203dummytwo: 1 if friends and acquaintance advice dnb203dummyothers: 1 if source of advice is from others such as options 3,4,7,8,9,10,11 Base Case: Did not obtain advice either because will not retire early or wants to retire early (but have not obtained)

Source: DHS

Variable: Number of single premium insurance (koo2)

How many single premium / annuity insurance present (koo2) And number of single premium / annuity insurance is greater than the mean value for the year (koo2_dummy)

Source: DHS

Variable: Total value of single premium insurance (koo3)

Total value of single premium / annuity insurance (Euros) Dummy variable of 1 if koo3 value is above mean value of koo3 for the Year. (koo3adjusted_dummy)

Source: DHS

Variable: Single Premium Ins. Indicator (koo3)

Did you, in or before [Year], take out single-premium insurances and/or annuity insurances (pension insurance), which were still in effect on 31 December [Year]? Do not include pension arrangements provided by your employer or professional pension plans here. Do include pension savings schemes or pensioenbanksparen (Dutch: a taxefficient blocked bank savings account providing a pension sum)

Dummy on availability of single premium / annuity insurance ; '1' if available. /

Source: DHS

Variable: Number of Endowment Insurance (kap2)

How many endowment insurance present (kap2) And number of endowment insurance is greater than the mean value for the year (kap2dummy)

Source: DHS

Variable: Value of Endowment Insurance (kap101adjusted and Instrument for IV analysis)

Total value of endowment insurance (Euros) (kap101) Dummy variable of 1 if kap3adjusted value is above mean value of kap3adjusted for the Year. (kap101adjusted_dummy)

Source: DHS

Variable: Endowment Insurance Indicator (bz08)

Did you, on 31st December [Year], have one or more endowment insurance policies that were still in effect? Do not include life-insurance policies connected to an (improved) traditional life-insurance mortgage here. These will be reported later.

Dummy on availability of endowment insurance; '1' if available /

Source: DHS

Variable: Number of Banking Accounts

Total Banking Accounts (variable BANKINGACCOUNTTOTAL) : Compute number of non-NA values in the following columns of checking, savings account - 'bet111', 'bet112', 'bet113', 'bet114', 'bet115', 'spa91', 'spa92', 'spa93', 'spa94', 'spa95', 'spa96', 'spa97'

Source: DHS