

An Assessment of Estate Planning Among Older Adults in Alabama

Abstract

Doubling of the older adult population and the lack of estate plans throughout the United States have prompted Extension to focus on increasing Americans' awareness of the importance of estate planning. A descriptive research study was conducted throughout Alabama to determine the status of and barriers to estate planning among older adults. Results indicated a significant difference in estate planning and being exposed to information on estate plans relative to ethnicity. African Americans were far less likely to have received information on estate planning than Caucasian Americans. Barriers to estate planning indicated several misconceptions in both groups.

Dorothy P. Brandon
Family and Child
Development
Specialist
dpb0010@aces.edu

Kevin Crenshaw
Attorney & Legal
Educator, Successful
Aging Initiative
khc0001@aces.edu

Alabama Cooperative
Extension
Alabama Agricultural
and Mechanical
University
Huntsville, Alabama

Introduction

Estate planning, a term that means different things to different people, is neither based on wealth nor is it based on nearness to retirement. It is about making advance decisions regarding one's future care and death, the care of one's minor or disabled children, and distribution of one's assets. Three basic components of an estate plan that every individual should have are a will, a durable power of attorney, and a health care proxy. A will gives instructions as to how a person's assets are to be distributed. A durable power of attorney and a health care proxy designate a person to make financial and medical decisions on the person's behalf. Having such documents in place not only ensures that the person's instructions are to be carried out, they provide a sense of peace and calm for the individual, family members, and friends. Guesswork is minimized, which results in less confusion and fewer disagreements.

Although basic estate plans are very important, many individuals neither understand nor have them. In 2008, House Resolution 1499 was signed into effect that declared the third week of October "National Estate Planning Awareness Week." This was done by the United States Government as a means of increasing Americans' awareness of the vital role estate planning plays not only in protecting and distributing assets, but in maintaining control over decisions regarding health and children. Despite widespread appeals about the importance of basic estate planning documents, an estimated 120 million Americans have no such documents in place for unanticipated circumstances and death

(National Association of Estate Planners and Councils, 2013). A nationwide poll conducted in 2008 shows that most older adults are aware of basic estate planning documents and their benefits, but they fail to actually possess them (American Association of Retired Persons, 2008). In particular, half of the individuals surveyed in a national study had no estate planning documents, more than 66% had no will, and approximately 70% had no power of attorney (financial or healthcare) (Harris Interactive for Lawyers, 2009).

Several barriers have been identified by practicing financial and legal experts as to why people do not do estate planning. In looking at "what really lies behind that mask of inaction," Most (1997) interviewed several veteran financial planners, attorneys, and experts. He found that many individuals avoided estate planning because they felt that death was a long way off, they did not understand its importance, and/or they did not trust their children. According to Erik Clark (2012) of Forbes' Financial Finesse, perceiving oneself as being too young to consider estate planning, not having enough assets, and perceiving estate planning only for the wealthy are three of 10 common estate planning myths that can be detrimental to families. Likewise, several other reasons people do not do estate planning are: not knowing who to appoint as a personal representative for health or financial issues, thinking it's too expensive, knowing it will get done when gone, and believing that it is just too complicated (Ohall, 2012).

As a means of increasing the number of people doing estate planning, Extension projects and programs were designed and implemented to focus on specific groups of individuals. These projects used an interdisciplinary and multi-generational approach to addressing estate planning (Reichenbach, Jokela, & Sagor, 2013). For example, farmers and their families have been targeted in several states by Extension agents (Fetsch, 1999; Hatchfeld, Bau, Holcomb, Kurtz, Craig, & Olson, 2009; Hatchfeld & Olson, 2006; Heleba, Parsons, & Sciabarrasi, 2004; Oneill, Komar, Brumfield, & Mickel, 2010). More specifically, in the state of Idaho, where it was cited that more than 70% of the state residents die without a will, an Extension program was implemented to address the need for estate planning education. Using the Legally Secure Your Future: Organize, Communicate Prepare curriculum (Bischoff et al., 2005), seven seminars in which 1,600 individuals participated were offered in seven Idaho metropolitan and rural communities between 2004 and 2010. Results from a 6-month follow-up of the participants indicated a significant increase in the percentage of individuals who had completed written wills (from 44% to 65%) and health care durable power of attorney (from 32% to 64%) and discussed legal issues with family members (85%), etc. (Hansen, Healy, Richel, & Bischoff, 2012).

Because the older population in the U.S. is expected to double from 35 million to 71.5 million between 2000 and 2030, the Urban Affairs New and Nontraditional Programs Unit (UANNP) of Alabama Cooperative Extension System (ACES) at Alabama A&M University has specifically targeted older adult in Alabama (U.S. Census Bureau, 2005). The Successful Aging Initiative (SAI), a program geared towards assisting older adults in aging more efficaciously, offers classes, facilitates support groups, and annual conferences throughout the state.

Purpose and Objectives

In an effort to accomplish SAI's objective of increasing the number of older adults having estate plans, a study was conducted in six counties throughout Alabama to obtain baseline data on an estimate of

the percentage of older adults with and without estate plans and to determine reasons for not having such vital documents in place.

- A. The overall objectives of the study were to:
- B. Determine the status of estate planning among older adults in Alabama;
- C. Examine barriers that prevent estate planning among older adults throughout the state of Alabama; and
- D. Identify differences among ethnic groups relative to estate planning.

Methods and Procedures

In an effort to determine the status of estate planning among older adults in Alabama, a questionnaire was given to individuals attending the six SAI Conferences sponsored by the Urban Affairs New and Nontraditional Program unit of ACES. The conferences, funded by a Capacity Building Grant from the National Institute of Food and Agriculture (NIFA), were held throughout the state during 2013. At the start of each conference, time was taken to distribute and collect the questionnaires before any conference information was given.

Sample

Of the more than 2,000 conference participants, 1,066 completed and returned an "Estate Planning" survey. The majority of respondents (71%) were between 61 to 80 years of age. Approximately 80% were African Americans, and 17% were Caucasian Americans. Hispanic, Native American, and Asian American made up less than 1% each. Approximately 83% were females, and 67% were either married or widowed. Respondents were from the counties of Madison (36%), Montgomery (25%), Lauderdale (17%), and Jefferson (16%). Roughly 5% of the respondents were from Calhoun (3%) and Baldwin (2%) counties. Due to the extremely small sample size of various ethnic groups, only the responses of Caucasian Americans and African Americans were used in addressing ethnicity in each objective. Because objectives one and two were purely descriptive and the ethnic make-up of the sample was not representative of the population, no statistical comparisons were made. However for objective three, the chi-square, because it makes no assumptions about the distribution of the population, was used for determining significant relationships between the two ethnic groups.

Instrumentation

In an effort to determine the status of estate planning among older adults in Alabama, a questionnaire was developed by the authors and given to individuals attending the SAI Conferences. A team of four subject experts assessed the questionnaire for face and content validity. A pilot test was conducted on 43 older adults who were not participants of the SAI conferences to determine reliability using the internal-consistency method. Reliability was assessed at 0.81 using a Cronbach's Alpha Coefficient. The questionnaire, "Estate Planning," consisted of three sections. Section one consisted of questions for collecting demographic data. Section two consisted of two questions. One question was asked as to

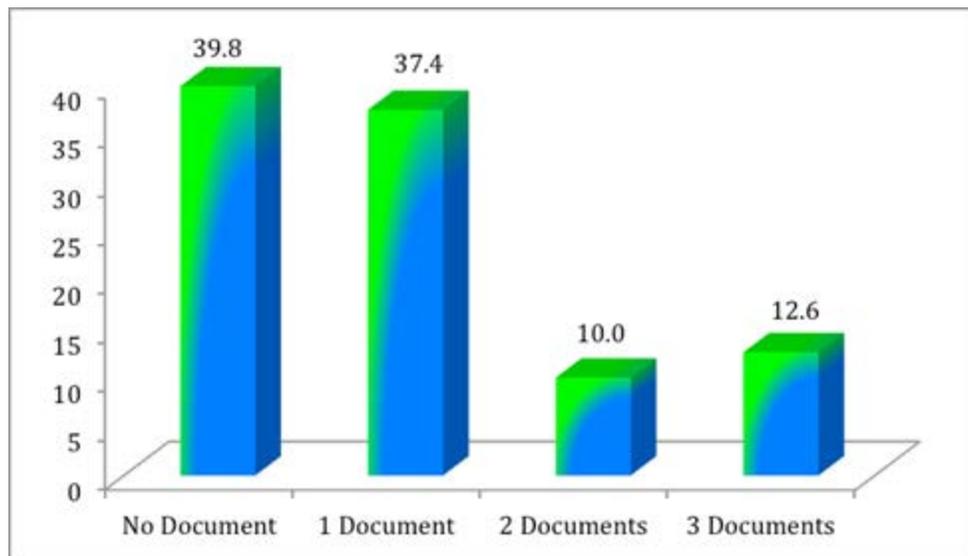
whether or not participants had a will, a power of attorney, or a health care proxy in place, and the second question pertained to whether participants had ever had someone discuss/explain the three documents to them. For both questions, the possible responses were "yes" or "no." Section three of the questionnaire consisted of a list of 10 research-identified barriers to estate planning. Responses to statements in this section were either "agree," disagree, or "undecided." Each question, while projected on a screen, was read aloud as participants completed the questionnaire.

Results

Objective One

Descriptive statistics were used in determining the status of estate planning among older adults. Respondents were asked to identify how many of the estate planning documents (a will, a power of attorney, and a health care proxy) they had completed. As shown in Figure 1, approximately 40% of the 1066 respondents had completed no form of estate planning, while 37% had completed at least one of the three basic estate planning documents. However, less than one-quarter of the respondents had completed two or more estate planning documents.

Figure 1.
Percentage of Respondents having Estate Planning Documents



Results in Table 1 indicate that while slightly less than half of all respondents (48%) had a will and nearly three-quarter or more had neither a power of attorney (73%) nor a health care proxy (79%). The percentage of African Americans who did not have a will (55%), a power of attorney (76%) and a health care proxy (82%) was higher than that of Caucasian Americans (34%, 55%, and 66%, respectively).

Table 1.
Frequency Distribution of Estate Plans in Place by
Ethnicity

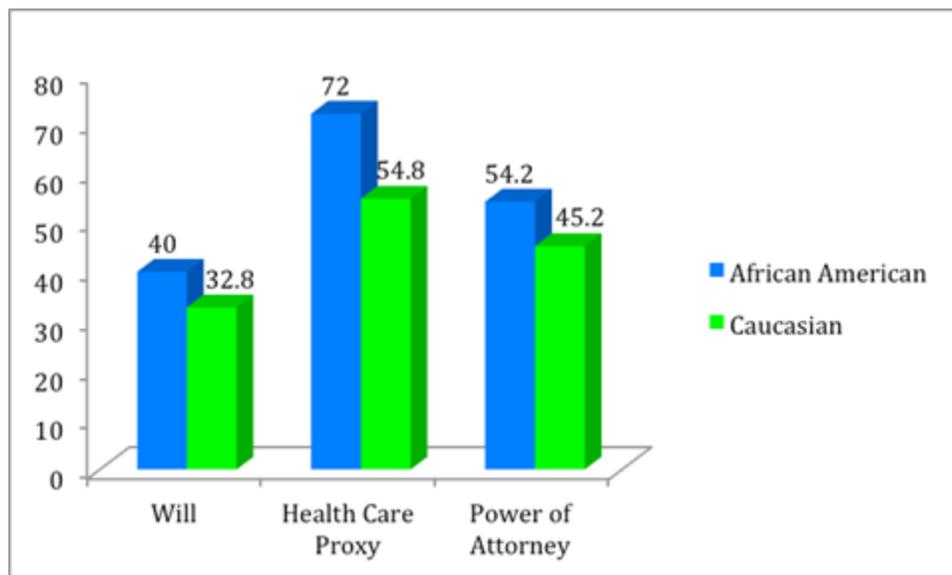
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STATEMENTS	ALL		BLACKS		WHITES	
	f	%	f	%	f	%
Have a Will in Place						
Yes	509	47.7	381	44.6	116	65.5
No	554	52.0	471	55.2	60	33.9
Have a Power of Attorney in Place						
Yes	289	27.1	199	23.3	78	44.1
No	774	72.6	653	76.3	98	55.4
Have a Health Care Proxy in Place						
Yes	214	20.1	149	17.4	58	32.8
No	847	79.5	702	82.2	117	66.1

In determining the status of estate planning among older adults in Alabama, respondents were also asked if anyone had ever explained/discussed a will, a power of attorney or a health care proxy to them. As shown in Figure 2, 72% of the African American compared to 55% of Caucasian Americans had never had anyone to discuss a health care proxy and its importance with them. Similarly, 54% of African American and 45% of Caucasian Americans had never had a power of attorney explained to them. Although more participants had a will in place than the other two documents, roughly 40% African American and 33% of Caucasian Americans had never had a will explained to them.

Figure 2.

Percentage of Respondents Never Taught About Estate Planning Documents by Ethnicity



Objective Two

A major objective of the study was to determine what older adults saw as barriers to them doing estate planning. Shown in Table 2 are barriers to estate planning among older adults in Alabama. Believing that "family members will make the correct decisions for them" and "lack of knowledge/ understanding about the documents" were the two major reasons why respondents were not doing estate planning. Although the top two reasons for not having estate plans in place were the same for all respondents, more than half of all Caucasian Americans agreed on both, whereas less than half of all African Americans agreed that not having a good understanding of the documents prevents them from doing estate planning. Also, respondents (regardless of ethnicity) believed that it is "too expensive to get help with developing such documents" and that they "do not have enough assets" for estate planning. For many African Americans, not wanting to "choose between family members" was also a major barrier, while "not knowing who to trust" was for Caucasian Americans.

Table 2.
Listing of Barriers by Percentage and Race

<i>African Americans without documents (N=645)</i>		<i>Caucasian Americans without documents (N=115)</i>	
Barriers	% of Respondents	Barriers	% of Respondents
a) Family members will make the correct decisions about my property & other things after my death and when I can't make them for myself	59.8	a) Do not have good understanding of the documents	53.9
b) Do not have good understanding of the documents	37.5	b) Family members will make the correct decisions about my property & other things after my death and when I can't make them for myself	52.6
c) Do not want to choose between family members	31.3	c) Too expensive to get a person to help with developing such documents	40.9
d) Do not have enough assets	31.1	d) Do not know who to trust	35.5

e) Too expensive to get a person to help with developing such documents	30.3	e) Do not have enough assets	31.9
f) Do not know who to trust	22.4	f) Do not want to choose between family members	28.4
g) Death & Property are my business & should not be discussed with others	20.5	g) Death & Property are my business & should not be discussed with others	27.9
h) Not at the age to start considering such documents	16.2	h) Not at the age to start considering such documents	15.2
i) Cannot discuss health issues or decisions due to religious beliefs	8.1	i) Cannot discuss issues such as death & property due to religious beliefs	7.5
j) Cannot discuss issues such as death & property due to religious beliefs	7.6	j) Cannot discuss health issues or decisions due to religious beliefs	6.6

Objective Three

A nonparametric statistical test, Pearson Chi-Square, was employed to identify differences among ethnic groups relative to estate planning. Results revealed a significant difference between African Americans and Caucasian Americans relative to estate planning. Throughout Alabama, Caucasian Americans are significantly more likely to create a will ($X^2(1, N=1028) = 26.23, p < .001$), a power of attorney ($X^2(1, N=1028) = 32.56, p < .001$), and a health care proxy ($X^2(1, N=1028) = 22.25, p < .001$). Although there were no differences between ethnicity and being taught about a will, African Americans throughout Alabama were significantly less likely than Caucasian Americans to have someone explain a power of attorney ($X^2(1, N=1027) = 4.34, p < .04$) and a health care proxy ($X^2(1, N=1027) = 19.82, p < .001$) to them.

Conclusions and Recommendations

Using quantitative methodology, the research study explored the issue of estate planning and its barriers among older adults in Alabama. Findings of the study provide baseline evidence as to the

importance of programming decisions aimed at improving older adults' understanding of estate plans. In a sample of 1,066 older adults, approximately 40% had never done estate planning. More than half of the respondents had no will, and three-quarter or more had neither a power of attorney nor a health care proxy. Findings also suggest that a large percentage of older adults have never had anyone to explain to them the purpose or importance of estate planning. The implication for those providing estate planning services is evident; that is, educational programs and services need to do a better job at reaching and teaching older adults about estate planning.

Another significant finding was that many older adults had not done estate planning because they believed:

- A. Their family members would make the correct decisions;
- B. Their understanding of estate planning was too limited;
- C. Getting help in developing the plans was too expensive;
- D. They did not have enough assets to denote having to do estate planning; and
- E. They did not want to have to choose between family members.

For Extension educators and other professionals who work with older adults, findings of the study may provide helpful insights. The findings could suggest that programs for older adults in Alabama should not only focus on increasing participants' knowledge of the documents, they must also emphasize how lack of estate planning affects family members and address misconceptions about estate planning. Because many estate planning services are provided free of charge to individuals over 60 years of age in Alabama, older adults' lack of knowledge regarding such services could reflect the fact that ACES and other organizations need to place greater emphasis on making the general public aware of available resources for older adults.

A significant difference was found between Caucasian Americans and African Americans. African American older adults were significantly less likely to have a will, power of attorney, and a health care proxy than their Caucasian American counterpart. Likewise, African Americans were significantly less likely to have had exposure to information pertaining to a power of attorney and a health care proxy. Estate planning directed at all older adults, but especially African Americans, could improve the number of Alabamians with estate plans in place while also helping family and community members avoid many legal and family battles. Also, the differences in estate planning by ethnicity denote the need for further research and education in areas of Alabama that have high concentrations of African Americans, such as the Black Belt area.

Limitations and Suggestions for Future Research

The study's very small number of ethnic groups, other than the aforementioned two; its constraint to one state; and its lack of randomization pose a limitation to the generalizability of its findings. Future studies on estate planning in other states and among other ethnic groups are needed to further Extension educators' knowledge of how to better assist older adults in understanding the value in

doing estate planning and not leaving it for family members to do it for them.

Acknowledgements

Thanks to Alabama Urban Extension Agents: Marchale Burton, Donna Gullette, Nkenge Hyter, Darlene Minniefield, Sylvia Oaks, Amanda Outlaw, and Danielle Rudolph.

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