

(Un)Free Wills: A Statistical Analysis of Testator Preferences ^{*}

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Abstract

Intra-family wealth transmission has been shown to reinforce inequality and dynastic privilege. So far, researchers have focused exclusively on taxation as the policy tool for dispersing private wealth beyond family dynasties. We consider an alternative policy lever: inheritance law. Many countries' laws force testators to leave certain minimal estate shares to direct descendants. Relaxing such "forced dynastic transmission" could allow wealth to be spread more widely after death. We explore the potential for such a policy approach in a unique dataset on 16,933 anonymous online wills established before and after a major reform of inheritance law in Switzerland. Applying a difference-in-differences estimation strategy, we find that lower compulsory minimum estate shares for direct descendants were used primarily for increasing the shares given to spouses and life partners. The share of estates flowing to heirs outside of the core family barely increased. We infer from these results that intra-family bequest motives remain so strong that greater legal freedoms for testators are an ineffective tool for increasing the dispersion of wealth at the time of transmission. We also observe that testator preferences are reference dependent, with higher minimum shares implying also inframarginal attributed shares (above the minimum) to be higher. Inheritance law shapes testator preferences but only at the within-family level, with bequests to outsiders remaining largely unaffected.

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