

Wills or No Wills? A Case Study in Taiwan

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Abstract: In the estate planning context, wills are the most commonly used tool to establish specific instructions to transfer wealth to beneficiary by using probate system, after death. Will writing enables a testator (a person who writes a will) to nominate an executor (a preferred and willing person) to manage and distribute the property of estate, according to the deceased's wishes. Hence, the objective of this study is to investigate the determinants that contribute to the intention in wills writing in Taiwan. The data obtained from a total of 392 questionnaires were analyzed using PLS-SEM 3.2 version. The results indicated knowledge, family influence and perceived cost are the important elements to influence attitude towards intention in will writing. The findings from this study will help financial planner to design a more pertinent and cost effective will writing. This study also will provide insight to the government of Taiwan to provide better consultation services to citizens and establish a better e-system to simplify the will writing process.

Keywords: Wills Planning, Taiwan, PLS-SEM.

1. INTRODUCTION

Estate planning is an important process to anticipate and arrange a person's estate for their beneficiaries, in the event the person becomes incapacitated or after death. Estate planning involves wills writing, trust, beneficiary designations, powers of attorney, gift and others. In Taiwan, death is very much a taboo subject especially in Chinese culture. The consequences from such belief may impact the drafting of the last will or even, the discussions concerning estate distribution after death in general. This causes many Taiwanese do not have the proper knowledge in will writing. Wills are a common estate planning tool and are usually the most popularly used in estate distribution. There are five different practices of will writing in Taiwan: (1) handwritten will; (2) notarized will; (3) sealed will; (4) dictated will; and (5) oral will. Each practice calls for a different procedure. Thus, in those few cases where a will has been made, complex and formal requirements will often lead to the document being declared invalid in court based on such requirements not having been fulfilled. (John, Heather, Wendy, Holly & Lloyd, 2021).

Basically, testator (a person who writes a will) must initiate administration of the estate and nominate an executor (a person managing the estate). In cases where a decedent has a valid will, the executor will be the person in charge of administration of the estate. If not, a formal executor will be named to administer the decedent's estate in accordance with Taiwan Civil Code Article 1138 and 1139. The sequence of naming the formal executor is: (1) lineal descendants by

blood (nearest in degree of relationship coming first); (2) parents; (3) siblings; (4) grandparents (John et al., 2021). There are news related to estate planning without proper will writing in Taiwan in the past. For example, a news retrieved from <https://www.setn.com/News.aspx?NewsID=1077123> has reported on two elder sisters' refusal to admit the estate arrangement to their younger brother after the death of the mother even after the mother had agreed to bequeath all the assets to the younger brother before her death. Worst, there was no written evidence to proof the final notes from the mother. In such case where the decedent has passed on without leaving a last will, the legal succession can apply to the Taiwan Civil Code to determine how the probate assets are distributed among the heirs, including two elder sisters and young brother in this case.

In Taiwan, the average population has risen significantly. Based on Table 1, the average population based on gender in Taiwan is 11,673,765 male and 11,878,508 female in 2020. A year after, the number of male decreases to 11,578,696, while female increases to 11,899,957. As for the average death rate, there is an increase from 7.34% in 2020 to 7.83% in 2021 as shown Table 2.

Table 1. Average Population in Taiwan (based on Male and Female).

Year	Male	Female
2020	11,673,765	11,878,508
2021	11,578,696	11,899,957

Sources: Department of Household Registration, Ministry of the Interior (Taiwan) <https://www.ris.gov.tw/app/portal/346>.

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Table 2. Average Death Rate in Taiwan (based on Male and Female).

Year	Death rate	Male	Female
2020	7.34	101,468	71,688
2021	7.83	106,877	76,855

Sources: Department of Household Registration, Ministry of the Interior (Taiwan) <https://www.ris.gov.tw/app/portal/346>.

In the years of 2020 and 2021, COVID-19 pandemic did not only impact many lives and livelihoods, but also brought greater awareness to the society to prepare for unforeseen or unexpected circumstances. Although the average of population and death rate are increasing, there is still a lack of research on estate planning especially in Taiwan. Thus, the following section considers previous studies related to estate planning, follows by methodology to attain the research objective. The results of this study are discussed in section 4 and further discussion are highlighted in the last section.

2. LITERATURE REVIEW

Estate planning is essential to an individual's current wealth. However, estate planning in Taiwan is not widely practiced. This is because most Taiwanese feel estate planning is not that urgent and important to attend to during the life before death. Most of literature review were founded from master study in several Taiwan Universities and Colleges.

Lee Chi-Hsuan (2005) studied the intention in wills writing among undergraduates from 34 colleges in northern Taiwan listed in joint board, College Recruitment Commission. He concluded that most of the university students do not have the intention in wills writing during university years. But they have gathered strong knowledge on estate planning from family influence, media awareness and law and regulation classes in university. They prefer that the parents will have the opportunity to understand better on estate planning and to write will in advance accordingly.

Since death is no long a taboo topic in the current modern society, if seniors can make plans especially for their future funeral, this will not only lower down the burden of their children but also will allow the children to follow the descendant's wishes. In Taiwan, seniors enroll into the pre-need contract to pre-arrange their own funeral. Huang Shin-Cheng (2014) collected 388 valid questionnaires to explore the behavioral intention factors of seniors in purchasing pre-need contract. His result showed subjective norm has a significant positive influence on attitude, but not on brand image. Consistently, Chang Chien-Tai (2006) studied the intention in wills writing among senior citizens using semi-interview method to collect information from nursing house. She found that the amount of assets owned and number of children in a family are the main issues of wills writing. On the other hand, sex, level of education and religion are insignificant influences in wills writing intention. Some respondents appointed a lawyer in will writing to avoid dispute on asset allocation. Similar study by Chang Shu-Fen (2014) on the factors influencing the intention among advance directives seniors in making a will showed that attitude, subjective norm, and perceived behavioral control are significantly

positive. Among these three factors, attitude and perceived behavioral control are the most influential on the intention in wills writing. Respondent's age in the 'subject norm' is significant too, but gender has no significant interferences on each construct. 79% of the respondents were under senior age and showed valid prediction of advance directive seniors.

To norm, the parents without any healthy children would decide to establish testamentary trust to care for their disabled children after they are gone. It is similar studied did by Wang Jia-Wen (2019) when she conducted a preliminary study on sense of life meaning and wills making among middle-aged to elderly parents with child with intellectual disabilities children. She used semi-structured interview method to collect data from six middle-to-old aged parents who had taken care of their disabled children over 20 years. The children were unable to take care of themselves even after reaching adulthood. Besides teenagers and senior citizens, Huang Kai-Li (2013) has investigated the attitude of middle-aged toward living wills in Jushan township, Nantou County. She found that most of the respondents hold positive attitude towards living wills with females are more prone than males. The study also found that the age group who set a living will are becoming younger. She also found a relationship between intention for will writing and knowledge especially experience in life and death education.

2.1. Hypothesis Development

By summarizing all the arguments as stated above, this research hypothesized that:

H1: Knowledge will affect attitude to use will.

H2: Family influence will affect attitude to use will.

H3: Perceived cost will affect attitude to use will.

H4: Attitude will affect behavior intention to use will.

2.2. Theoretical Framework

Theory of Planned Behavior (TPB)

The theory of planned behavior (TPB) is an evolutionary version of theory of reasoned action (Ajzen, 1991). There are four structures of TPB, which consist of perceived behavioral control, attitude towards the behavior, behavior intention, and subjective norm. Moreover, TPB is used to explain human behavior as personal behavior has the potential to change intentions, so financial behavior was suitable for explaining changes in personal behavior (Lajuni, Abdullah, Bujang, & Yacob, 2018). The norms and behavioral beliefs in TPB can convey financial information, encourage suitable behavior and make rational decisions. When it is applied on people's financial behavior during the pandemic, people will behave accurately in the correct norms and behavioral. Since TPB has been regularly used to understand the intention that influence the behavior of respondent, hence, this theory was adopted for this study in (Fig. 1).

Research Model

Based on the hypotheses established in this study, the following research model was developed (Fig. 2).

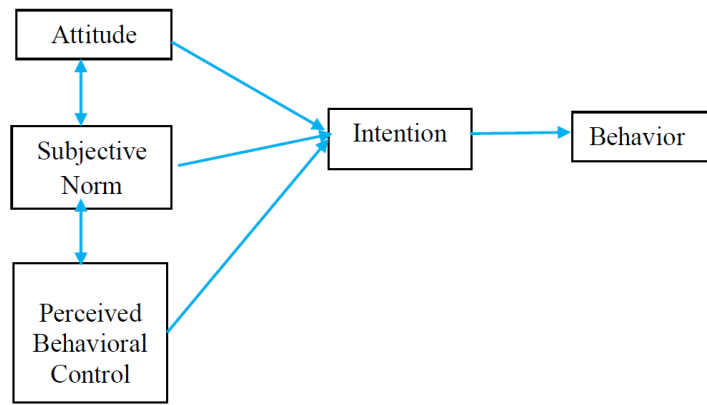


Fig. (1). Theory of Planned Behavior.

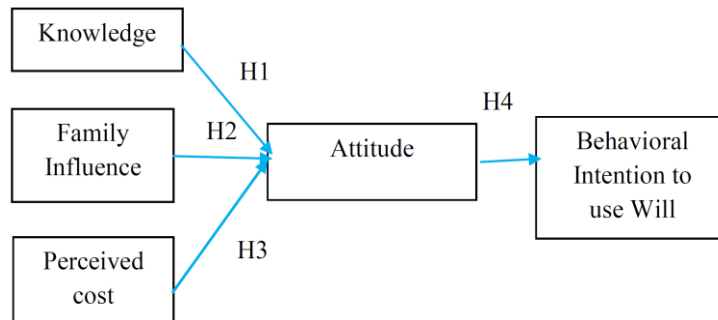


Fig. (2). Research Model.
Sources: Developed for research.

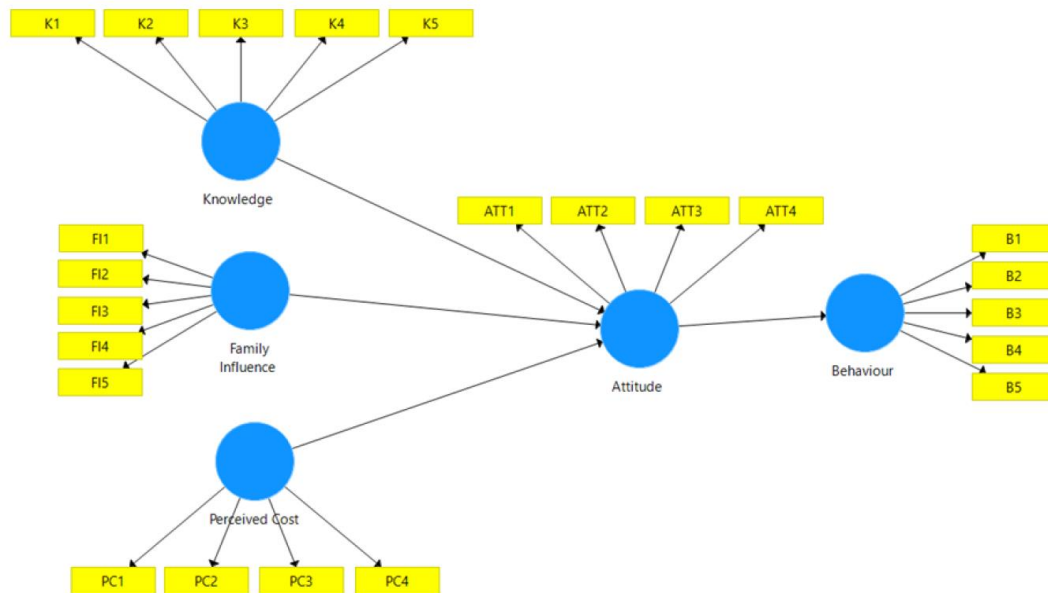


Fig. (3). Measurement model from PLS-SEM.

3. METHODOLOGY

The intention of this paper is to analyze the willingness of Taiwanese to use will as part of estate planning. Approximately 400 questionnaires were distributed based on random sampling method. The sample size is considered sufficient for this study even though the sample size is quite small compared to actual size of the population. The questionnaire consists of two sections. In section A, it focuses on collect-

ing information related to demographic information that are useful for respondent profiling based on demographic factors. Section B focuses on collecting data related to how family influence, knowledge, perceived cost and attitude affecting the willingness of Taiwanese to use wills as all these information represents independents variables for this study. All measurement items are well explained in Table 1 and Fig. (2 and 3).

Table 3. Measurement Items.

Constructs	Items	Question
Knowledge	K1	I have adequate knowledge to manage my estate.
	K2	I know how importance of estate planning.
	K3	I know what type of estate planning would be best for me.
	K4	I know how to make my saving to more effective.
	K5	I know my financial accomplishments.
Family Influence	FI1	My parent advises me how to do my estate planning.
	FI2	My parent reminds me the importance of estate planning.
	FI3	I will discuss my estate planning with my family.
	FI4	My dependent will influence my estate planning allocation.
	FI5	I will discuss with my family about my financial accomplishment.
Perceived Cost	PC1	I know the cost of will writing.
	PC2	Cost of will writing is reasonable.
	PC3	Cost of will writing is lower than other estate instruments.
	PC4	Will writing is considered to be a good deal/buy.
Attitude	ATT1	I practice estate planning in my life.
	ATT2	I have prepared myself to write will estate planning.
	ATT3	I have prepared documents required for estate planning.
	ATT4	I have discussed with financial planner when enrol in will writing.
Behavior	B1	I intend to use will for my wealth distribution in near future.
	B2	I will recommend use will for estate planning
	B3	I will frequently review my will estate planning
	B4	I predict I would use will estate planning in near future.
	B5	I plan to use will as a one of my estate planning instruments.

4. RESULTS

4.1. Descriptive Analysis

This study employed the sample size of 328 respondents with the following descriptive characteristics. As shown in Table 4, most of the respondents are female (56.10%). Around 66% of the respondents are above 36 years old and most of the respondents believe in Taoism at 45%, followed by Buddhist and others. 50.30% of the respondents are single and 44.21% are married. Majority of the respondents do not have any children. In addition, more than 67% of respondents have at least Bachelor's degree in their education background and earn TWD 28,000 per month.

Table 4. Respondents Profile.

	Frequency	Percentage (%)
<i>Gender</i>		
Male	144	43.90

Female	184	56.10
<i>Age</i>		
25 and below	36	10.98
26-35	74	22.56
36-45	119	36.28
46 and above	99	30.18
<i>Religion</i>		
Buddhist	84	25.61
Catholicism	8	2.44
Christian	22	6.71
Taolism	149	45.43

Other	65	19.82
Marital Status		
Single	165	50.30
Married	145	44.21
Divorced	18	5.49
No. of Children		
0	170	51.83
1	43	13.11
2	93	28.35
3	18	5.49
4	3	0.91
5	1	0.30
Qualification		
Junior High	3	0.91
Senior High	29	8.84
Associate Degree	38	11.59
Bachelor's degree	163	49.70
Master's degree	90	27.44
Doctor Degree	5	1.52
Salary per month		
TWD28,000 and below	37	11.28
TWD28,001 to TWD43,000	113	34.45

TWD43,001 to TWD56,000	79	24.09
TWD56,001 to TWD70,000	43	13.11
Above TWD 70,001	56	17.07

Sources: Developed for research.

4.2. Discussion

The PLS-SEM analysis was performed in two stages. In the first stage, measurement model was evaluated while the structural model was evaluated in the second stage. The measurement model evaluated the relations between observed items and latent variables. The measurement variable model was examined through assessment of validity and reliability of the construct measures in the model. This was to ensure that only reliable and valid constructs' measures were used to assess the nature of the relationship in the overall model.

4.2.1. Measurement Model

Partial Least Squares Path Modeling was applied for data analysis in this study, as assessed by the measurement models.

I. Convergent Validity

The convergent validity involves the verification of three indices: factor loading, variance extracted (AVE) and composite reliability (CR). Thus, the standardized factor loading (>0.6), the average variance extracted (AVE> 0.5), and the composition reliability (CR>0.7) were carried out (Hair, Black, Babin & Anderson, 2010) in this study. Table 5 showed the factor loading for all items exceeded the recommended value of 0.7 (Chin et al., 2018). The composite reliability values, which depicted the degree to which the construct indicator indicated the latent construct, ranged from 0.641 to 0.937, and exceeded the recommended value of 0.7 (Hair et al., 2010). The AVE which reflects the overall amount of variance in the indicators accounted for by the latent constructs, was in the range of 0.591 to 0.768, and exceeded the recommended value of 0.5 (Hair et al., 2010).

Table 5. Factor Loading and Reliability.

Variable	Items	Loading	Composite Reliability	Average Variance Extracted	Cronbach Alpha
Attitude	ATT1	0.783	0.929	0.768	0.898
	ATT2	0.888			
	ATT3	0.937			
	ATT4	0.890			
Behaviour	B1	0.865	0.924	0.710	0.899
	B2	0.775			
	B3	0.880			
	B4	0.859			
	B5	0.829			

Family Influence	FI1	0.764	0.878	0.592	0.826
	FI2	0.847			
	FI3	0.835			
	FI4	0.661			
	FI5	0.726			
Knowledge	K1	0.780	0.877	0.591	0.827
	K2	0.643			
	K3	0.848			
	K4	0.843			
	K5	0.711			
Perceived Cost	PC1	0.842	0.875	0.637	0.812
	PC2	0.811			
	PC3	0.760			
	PC4	0.777			

Source: Developed for research.

Table 6. Discriminant Validity.

	Attitude	Behaviour	Family Influence	Knowledge	Perceived Cost
Attitude	0.876				
Behaviour	0.724	0.843			
Family Influence	0.609	0.512	0.770		
Knowledge	0.559	0.557	0.447	0.769	
Perceived Cost	0.674	0.637	0.598	0.564	0.798

Source: Developed for research.

Table 7. Summary of the Structural Model.

Description	Hypothesis	Path Coefficient	t-value	Results
Knowledge -> Attitude	H1	0.217	4.04***	Supported
Family Influence -> Attitude	H2	0.283	5.31***	Supported
Perceived Cost_ -> Attitude	H3	0.382	7.71***	Supported
Attitude -> Behaviour	H4	0.724	25.77***	Supported

Note: all p-values are two-tailed, * significant at 0.05, *** significant at 0.001.

Source: Developed for research.

II. Discriminant Validity

Discriminant validity is the extent to which the measures do not reflect other variables and it is indicated by low correlations between variables by examining the comparison between the average variance extracted (AVE). Based on a formula by Fornell and Larker (1981), it requires that square root for each construct's AVE to be higher than all its correlations with other constructs. Therefore, as seen in Table 6, it was possible to verify the discriminant validity of the five latent variables, according to the Fornell and Lacker criterion. In addition, this could infer that the constructs have a good level of validity.

4.2.2. Assessing Structural Model

The coefficient of behavior in wills writing was moderate ($R^2 = 0.551$ for Attitude and 0.524 for Behavior, respectively), which indicated the endogenous latent construct was explained up to 55.1% and 52.4%. (Chin, 1998). The value of effect size (f^2) was acceptable, which were 0.112 for family influence, 0.070 for knowledge and 0.173 for perceived cost (Cohen, 1998). Finally, Q^2 in this study was >0 as 0.396 for attitude and 0.340 for behavior. Once the reliability and the validity of the measurement were assured, path coefficients could be reported based on the results from PLS structural model. Table 7 shows the significance of the path coef-

ficients. The t -value could then be compared with critical value from the standard normal distribution to decide whether the coefficients were significantly different from zero. For instance, the critical value for significance levels of 5 percent probability of error was 1.96 (two-tailed test).

FINDINGS

The result from Table 7 showed that there is positive significant relationship between family influence, knowledge, perceived cost towards intention in wills writing. The first hypothesis stated that there is a direct positive and significant effect of knowledge towards respondent's attitude in will writing. The finding allowed this hypothesis to be accepted (H1. $B=.217$; t -value= 4.04; $p= 0.001$). As it seen, respondents who have knowledge on estate instruments are likely to adopt it in their wealth management planning (Abd Wahab, Hasim & Abd Ghani, 2019). Hence, knowledge plays an important role in influencing intention in will writing. The second hypothesis proposed that there is a positive relationship between family influence and attitude. The results allowed this hypothesis to be accepted too (H2. $B=.283$; t -value= 5.31; $p= 0.001$). Thus, family influence also plays an important role on managing estate in hypothesis 2 (Ismail, Hashim, Kamis, Harun & Samad, 2013). Most of the children can get a better protection if their parents have a good estate planning. The third hypothesis, which stated that perceived cost has a significant effect on respondent's attitude (H3. $B=.382$; t -value= 7.71; $p= 0.001$). It showed that consumers experiencing affordable and worthy price under perceptive cost will have positive significant in will writing (Jaafar, Lalp, Naba, 2012). Finally, attitude also shown a positive effect on intention in will writing in the fourth hypothesis (H4. $B=.724$; t -value= 25.77; $p= 0.001$).

5. CONCLUSION

A will is a legal statement by which testator names the beneficiary to receive their property and possessions after death. Obviously, it is important that the executor of an estate or the executor's appointed legal representative be in the secondary jurisdiction to visit banks and close bank accounts, transfer any land, sell any property belonging to the estate, settle any debts associated with the estate, and forward money back to the estate trust. The remaining money can be transferred to the beneficiaries regardless of where they are located, including overseas, only after all debt and liabilities are settled. The purpose of this study was to investigate the factors affecting the intention in wills writing in Taiwan. This study used PLS-SEM to predict the relationship between knowledge, family influence, and perceived cost towards attitude and intention in wills writing. Results of this study suggested that knowledge, family influence, and perceived cost have strong effects on attitude followed by intention of estate planning. This study will help financial planner to design a more pertinent will writing at reasonable cost that fulfills the demand of the public. Future research is suggested to

incorporate psychological variables or moderating variables, for instance respondents' age or income, to further illustrate Taiwanese intention in will writing. This would provide an in-depth understanding on the Taiwanese's behaviour in estate planning.

CONFLICT OF INTEREST

The authors reported no potential conflict of interest.

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