GOOD WILLING:
The New Goal-based Metric For Successful Estate Planning

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13TH ANNUAL

Estate Planning & Community Property Journal Symposium

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GOOD WILLING” – THE NEW GOAL-BASED METRIC FOR SUCCESSFUL ESTATE PLANNING

> Successful wealth transfer outcomes are difficult if not impossible to measure in a standardized way. The differences in settlor motivations and in named beneficiaries can produce widely divergent estate planning results at and after death. However, the introduction of Positive Psychology into the estate planning process will show that one single word describing the recipient of all estate planning is the key to understanding how a success plan can be measured. The word is “beneficiary”. This word will open up Positive Psychology research that shows a consistent pathway to a “good” result.

SUMMARY

The default planning for many older generation wealth owners is to avoid or restrict cash gifts that encourage consumer spending by younger generation beneficiaries. However decades of new psychological, sociological and consumer research spurred by Positive Psychology has shown that certain types of lifetime spending decisions by or on behalf of younger generation beneficiaries can measurably increase the well-being, life-satisfaction and/or happiness of both benefactor and beneficiary. Wealth planners should take this research into account when advising clients and drafting estate planning documents.

> “Whoever said money can’t buy happiness simply didn’t know where to go shopping - Bo Derek[1]

I. INTRODUCTION

“I just want them to be ‘happy,’” is a common refrain from parents, grandparents and other older generation wealth transmitters. This paper will suggest that advisers suggest wealthy clients go ‘shopping’ for empirically proven experiences that enhance the virtue, values and well-being of younger generation beneficiaries. The goal is to show older generation wealth owners a new ‘store’ of planning ideas that can deliver permanent good to loved ones.

Wealth planners must find a better way to empower and encourage wealth owners to do estate planning without focusing on death as the primary catalyst for action. This paper suggests and concludes that estate planning decisions are identical to the consumption decisions that individuals, especially wealthy Americans, make every day. The validity of this conclusion rests on putting all wealth transfers (lifetime and testamentary) into three broad categories. The paper then carefully reframes the third category of gratuitous wealth transfers as benevolence. Once the relationship between wealth transfers and spending decisions is established grantors can be urged to use consumer purchasing experiences as a model for using wealth transfers to do “good” in the lives of loved ones. This “good” is accomplished by intentionally funding the five PERMA[2] *categories of well-being. (*Please read endnote # 2 to understand all future references to PERMA). The paper concludes with the latest research in positive psychology which encourages benefactors and beneficiaries to buy-in to the well-being of a good life by choosing transformative experiences over material possessions.

II. ELIMINATING DEATH AS THE PRIMARY CATALYST FOR ESTATE PLANNING WEALTH TRANSFER

A. Estate planning choices are similar to lifetime spending decisions - - death is not the focus.

Initially, estate planning conversations with wealth owners often focuses on death as the pivotal catalyst for estate planning. However, death is not a goal. The focus on death as the most important moment of wealth transfer estate planning lacks a clear objective other than to maximize the net amount transferred. Changing estate planning into a goal-based life-time activity requires that we categorize estate planning transfers within everyday wealth transfer choices. This categorization is not simply a semantics exercise. The reformulating of estate planning into the categories enumerated below allows the positive goals of consumption to become the positive goals of testamentary wealth transfer. Instead of using death related words like “bequest”, “estate” and “legacy” this reformulation will allow advisors to reference simple concepts like “buying” and “happiness” to explain the ultimate purpose behind complex estate planning documents.

All wealth transfers fall into 3 general categories. All wealth owners want to: (1) minimize **involuntary commitment/obligation**, (2) measure and control **individual consumption**, and (3) maximize/optimize **intentional contribution**.

1. <u>Involuntary Commitment/Obligation</u>

Taxes are the most conspicuous and notorious component of this category. This category emphasizes the “involuntary” nature of certain wealth transfers. It includes any required expenditure such as spending mandated or implied by laws or interpretations of laws. This means that legal support obligations for spouse and dependents belong in this category even when made out of positive emotions.

The category would also include any expenses that would be avoided if at all possible (e.g. state and local fees and imposed costs)

2. Individual Consumption

Discretionary spending in its everyday sense is the main component of this category. This category of wealth transfer is especially relevant to later discussions of the hedonic (pleasure) value of purchasing material possessions.

For America's wealthiest individuals their lifetime consumer spending wealth transfers are a major focus of daily living. Every individual in a developed economy is a part of a consumer culture. In North America households have discretionary income that averages about $30,000/year[3] for discretionary spending. This category of wealth transfer does not include investments. (Investing money is not transferring wealth). Note that purchasing depreciating improvements on any residential real estate or any "use" asset (including cars, boats and collectibles that are not solely purchased for investment) fall within the category of consumption

3. Intentional Contribution

This is the key category for estate planning purposes and it is labeled "contribution" because it is a voluntary transfer of money where there is no receipt of anything "valued in money or money's worth".

The category is labeled "intentional" to emphasize the donative intent to subsidize or underwrite someone or something. The term creates the same redundancy that is in the term "planned gifts". In both cases the emphasis is on the prearranged nature of the wealth transfer. However, by definition all gifts are in some sense planned otherwise they fall into the category of involuntary wealth transfers.

Please note that many small dollar amount gifts often have a very clear purposeThe purpose is often connected to a celebration or occasion (e.g. birthdays, anniversaries and graduations etc.). Additionally, note that many, perhaps most large residual testamentary gifts have no implicit or explicit message.

This paper suggests that wealth transferred to individuals in this third category must contribute something to the life of the recipient. Some American wealth owners erroneously act as if their post-mortem net-worth *must* be evenly divided among "their next of kin" under a forced heirship statute. (Louisiana wealth owners are still subject to elements of civil law forced heirship)**.**

All voluntary wealth transfer transactions in this category contribute to something. What is a grantor contributing to when they transfer wealth to their children, grandchildren and other younger generations? More importantly, what ***should*** the grantor be contributing to in the life of the beneficiary? To answer that question wealth transfers in this third category need to be re-characterized as "benevolence". This is discussed below.

B. G1 wealth transfers should contribute to a definable good purpose in the descendant's life

By defining the third category of wealth transfers as "contributions" we incorporate a charitable term into the family and prevent initial tensions of family versus charity. Additionally, since the definition of family is so different today from the husband-wife-son-daughter tradition[4] an effective model of gratuitous wealth transfer for the modern family cannot assume a younger generation descendant/relative is always the primary donee.

1. G1's negative attitude toward consumption may prevent any contributions

The dangers of money are well recorded in ancient texts[5] and modern psychology[6]. A common solution to these dangers is for wealth owners to postpone the timing and restrict the amount of wealth transfers to descendants.

2. Wealth owner contributions that exceed 'base-line' lifestyle needs must have a defined purpose

This paper will conclude that certain types of lifetime gifts/expenditures can increase happiness and well-being as defined by the positive psychology PERMA model. To make that conclusion we must assume that the grantor understands and has already met the "Well-Being Baseline" for the beneficiary

a. Baseline spending is required for well-being

A wealth transfer for basic living expenses at the appropriate lifestyle is relatively uncontroversial except as to calculation. (See, Richard Franklin's materials for his comprehensive discussion of "Well-Being Baseline".[7]) Below that "baseline" there is lower life-satisfaction similar to that reported by poverty level individuals[8].

b. Gifted Money in excess of the amount needed to eliminate lifestyle deprivation must have another purpose

A common assumption is that gifted funds in excess of the well-being baseline can have dramatically negative effects on individual recipients. These negative effects have been the subject of substantial research. The research has suggested that increasing monetary wealth may make richer beneficiaries less appreciative of simple pleasures[9] and less engaged in the enjoyment of care for their children[10] and a bit less altruistic[11]. The negatives of inherited wealth have also been cataloged by the autobiographical observations of a wealthy inheritor and professional therapist. (See, Thayer Cheatham Willis in her book *Navigating the Dark Side of Wealth, A life Guide for Inheritors*[12]).

c. Gifts that do not support baseline lifestyle must have another purpose

i. The goal of all gratuitous wealth transfers should be to do something “good”.

ii. Ideally the term “estate planning” would automatically alert wealthy parents of the need to purpose wealth transfers for some measurable positive goal, but it does not. We need a new term.

iii. The perfect concept for reminding parents of the need for “good” is the word benevolence as defined by its historical and intrinsic meaning. Every reference to gifts or bequests to family members as “benevolence” [explained below as “willing the good”] should reinforce the need to make sure that there is a defined “good”.

III. BENEVOLENCE REQUIRES A DEFINED GOOD WILLING AS ITS’ PURPOSE

Having categorized all wealth transfer into three categories, the third category “intentional contribution” is the where estate planning wealth transfer decisions belong.

The description of a wealth transfer as an “intentional contribution” implies a clear goal. A “contribution” by its terms contributes to someone or something. The term “contribution” has customarily only been connected to charitable giving. The proposal under consideration is should there be a requirement that there be a “measurable “contribution” for all gratuitous transfers, especially those to family and other individuals. Unlike contributions to a charity that are almost always considered to be a contribution to something “good”, wealth transfers to an individual may not result in something “good”. A grantor’s wealth transfer may be contributing to the self-improvement or the *self-destruction* of an individual. Wealth transfers to family and charity stem from the same motivation. Any proposed wealth transfer to children should come under the concept of benevolence described in this paper. By definition, any benevolent transfer must be purposed for explicitly “good life” results and express well-being of the recipient family member. In this way it is possible to say that this suggested wealth transfer plan is a “good willing” model.

A. The History of “Bene-volence

Historically the English word “benevolence” was created and first used to describe a “kind of forced loan or contribution levied by kings without legal authority, first so called under Edward IV in 1473“. The King needed a way to get money “contributed” to his kingdom and had no legal way to demand it. So he created a process where “contributions” were made to him out of an implied “bene” good, “velle” will, of the land owners. Perhaps this is where the concept of “legal fiction” became popularized.

B. The Etymology of Bene-volent

Webster-Merriam dictionary describes the etymology of benevolent as follows –

> "Benevolent" can be traced back to Latin *bene*, meaning "good," and *velle*, meaning "to wish." Other descendants of "*velle*" in English include "volition" ("the act or power of making one's choices or decisions"), "voluntary," and the rare word *velleity* (meaning either "the lowest degree of volition" or "a slight wish or tendency"). There is also one more familiar "*velle*" descendant - "malevolent," the antonym of "benevolent," a word describing one who is disposed to doing ill instead of good.[13]

1. The idea of “good” as used within benevolence perfectly ties to the Aristotelian concept of virtue. To wish someone good is to wish them something virtuous and valuable. This idea of “good” eliminates the concept of pleasure without reference to other individuals or without reference to some universally understood benefit.
2. Positive Psychology provides a definition of “good” by supplying universally acknowledged values that then allow us to do *values-based estate* planning. Dr. Martin Seligman’s creation of the Values In Action (VIA) Signature Strengths[14] provides one validated method of assessing individual virtues.

C. “Benevolence” as a term-of-art for transfers among related individual

Positive psychology is an important development in human well-being. Positive psychology has created a sub-field of traditional psychology that is related to life improvement instead of disease treatment. It should be an indispensable concept for effective estate planning.[15] In order to use positive psychology in a family wealth transfer context there must be a careful and nuanced explanation of “benevolence broken down into three component parts as set out below.

1. <u>Bene-factor = The Good Factor</u>

The terms “grantor”/”settlor” are indispensable in describing the legal and taxable relationship of a wealth owner to a beneficiary. The term "benefactor" is an equally indispensable and useful term to describe a *donative* relationship. This term is especially useful in emphasizing the donative relationship between loved ones within any type of family context.

The full connotation of the word "benefactor" is to be *the factor* for the "good". A benefactor should by definition be a catalyst for the "good" and for wellness . The financial gifts of a parent should be the key "*factor*" in advancing the virtues, values, *good* life, and well-being *of* their loved one.

Therefore a bene-factor **must** use tools (like the Signature Strengths under the Values In Action (VIA) Classification of Character Strengths[16]) to spend money contributing to the good life, the flourishing, and/or the well-being of their beneficiary.

2. Bene-fit = The Good Fit

Money transferred must create a "good" fit within the values of the recipient family member. The money transferred must be able to give the recipient some discernable "advantage" in obtaining the good life. If there is no advantage obtained by the child, then the money is a disadvantage. Money in the hands of an individual will either have a positive or negative effect. Planners often treat next generation wealth recipients as if they were passive custodians of money purposed for a subsequent generation. Perhaps this is the way those planners rationalize wealth transfer that is devoid of any defined positive purpose.

3. Bene-fice/Beneficiary = The Advantaged One

Incorrectly referring to a living grantor's gift to a child as a gift to an "heir" instead of a gift to a "beneficiary" may show the implicit unwillingness of grantors to embrace the unprecedented dispositive freedom they now have. They should give money to their presumptive heirs during life not because they are "next of kin" but because the presumptive heirs need to fund certain life experiences to write the next chapter of their "good life".

D. Good Willing = Defined Benefit Planning

The process of a wealth owner giving money or money's worth for the overall good, the comprehensive well-being and/or the continual flourishing of the younger generation recipient can be properly termed "defined benefit planning".A retirement plan that overfunds or underfunds the defined need of the beneficiary is a failed plan. The same is true for "Good Willing".

1. Failure to define is a failure.

The concept of benevolence converts default, tax-based giving into a goal-based transaction. A significant transfer of wealth with no stated purpose cannot be measured for effectiveness. Perhaps it is the fear of *failed* purposes that makes many parents leave substantial wealth to children only after their death when they will not be able to observe its possible catastrophic effects.

2. Failure to transfer/Failure to receive is also a failure.

Beneficiaries have an ongoing need for well-being and flourishing during the joint adult lives of benefactor and beneficiary. This means that withholding wealth transfer under many of the traditional trust discretionary provisions may be an incorrect estate planning strategy. If the goal of family gifts is to maximize the funding of "good' for family members the gifts may be needed **before** the death of the benefactor.

If "Good Willing" is a valid model, the inability of the *beneficiary* to receive money when it is to their best "advantage" (benefit) would be an estate planning failure. Death is not relevant to the success of benevolence

3. Implicit Malevolence – There really in no neutral in planning for good either you do or you do not.

Good Willing requires planning for the "good" of the recipient family member Therefore, a failure to plan for such good is not a neutral result, it is bad result. Failure to define and fund lifetime and/or post-mortem flourishing is to have "ill-will" towards presumptive beneficiaries and this fact highlights the stark contrast between benevolence and malevolence!

4. Parental love creates a beneficent wealth owner that is in essence a family philanthropist.

Interestingly, the etymology of philanthropy is love of Anthropos/human beings. We readily and properly apply the term "benevolence" to charitable gifts and we readily call such transfers donations and contributions. Virtually all charitable donors support something "good" for people (even if the "good" is indirect). Classic benevolence encourages matriarchs and patriarchs to get out of the "forced heirship" mindset and use unprecedented dispositive freedom to define and fund a positive good. The goal of family estate planning should also be to transfer funds for a measurably good outcome. Measuring the efficacy of Good Willing by investing in the PERMA of loved ones is the focus of Part IV. (**Please refer again to the PERMA explanation in endnote 2**)

IV. RESEARCH ON THE IMPACT OF MONETARY TRANSFERS TO INDIVIDUALS CONCLUDES THAT A LARGE INFUSION OF UNEARNED WEALTH MAY SIGNIFICANTLY INCREASE LIFE SATISFACTION WITHOUT INCREASING HAPPINESS.

A. The Effect of Income on Happiness

The effect of income on happiness is in fact one of the best-measured effects in all happiness research[17]. The majority of empirical research *suggests* that undifferentiated wealth transfer to affluent individual usually will **not** measurably increase happiness. (Although sudden infusions of unearned wealth did increase life satisfaction in one study (see the Lottery winner research at A.2. below)

The decreasing marginal utility for increasing annual income and overall wealth is an oft-repeated conclusion of psychology research. Please note below in 1.a. and 1.b., the quoted comments from Harvard psychologist Dr. Daniel T. Gilbert's from his well-known book *Stumbling on Happiness*.

a. "Economists and psychologists have spent decades studying the relation between wealth and happiness, and they have generally concluded that wealth increases human happiness when it lifts people out of abject poverty and into the middle class but that it does little to increase happiness thereafter. Americans who earn $50,000 per year are much happier than those who earn $10,000 per year, but Americans who earn $5 million per year are not much happier than those who earn $100,000 per year."[18]

b. "So living standards are to some extent like alcohol or drugs. Once you have a certain new experience, you need to keep on having more of it if you want to sustain your happiness. You are in fact on a kind of treadmill, a "hedonic" treadmill, where you have to keep running in order that your happiness stand still [and not decrease]".[19]

c. "[T]he secret of happiness is to seek out those **good things** that you can never fully adapt to."[20]

However a 2018 study on lottery winners suggests that the life satisfaction boost that comes from an unexpected infusion of $100,000 or more [similar to a significant lifetime gift] **persists even after 20 years**.[21]

> "There is clear evidence that wealth improves people's evaluations of their lives as a whole. According to our estimate, an after-tax prize of $100,000 improves life satisfaction by 0.037 standard-deviation (SD) units. We find no evidence that the effect varies by years-since-win, suggesting a limited role for hedonic adaptation over the time horizon we analyze. Our results suggest improved financial circumstances [are] the key mechanism behind the increase in life satisfaction."[22]

This finding supports Richard Franklin's implicit suggestion that estate plans should not limit the inheritance of descendants.[23]

This 2018 study is also in line with other *contrary* research and commentary on the presence of a hedonic treadmill.[24]

Interestingly, the 2018 lottery winner study indicates that while reports of *life-satisfaction did not decrease* **there was no increase in happiness.** Therefore under the well-being approach of PERMA the 2018 lottery winners simply would not be regarded as having increased well-being as a result of their financial good fortune because there was no improvement in the positive emotion portion of PERMA even though there was clear and sustained reported improvement in life-satisfaction.

B. PERMA includes the emotive aspect of happiness but its' measures of well-being are broader and better.

Dr. Martin Seligman distinguishes his comprehensive PERMA well-being model from his previous "authentic happiness" life-satisfaction model [which is still advanced by Richard Layard[25]] and his early "incomplete" theories of happiness with these carefully chosen words.[26]

a. "The first step in positive psychology is to dissolve the monism [definition] of "happiness" into more workable terms. Much more hangs on doing this well than a mere exercise in semantics. . . . The primary problem . . . "happiness" is not only that it under explains what we choose but that the modern ear immediately hears "happy" to mean buoyant mood, merriment, good cheer, and smiling. Happiness historically is not closely tied to such hedonics—feeling cheerful or merry is a far cry from what Thomas Jefferson declared that we have the right to pursue—and it is an even further cry from my intentions for a positive psychology."

b. We often choose what makes us feel good, but it is very important to realize that often our choices are not made for the sake of how we

> will feel. I chose to listen to my six-year-old’s excruciating piano recital last night, not because it made me feel good but because it is my parental duty and part of what gives my life meaning.

As endnote 2 indicates well-being has five measurable elements (PERMA) that count:

a. Positive emotion (Of which happiness and life satisfaction are all aspects)
b. Engagement
c. Relationships
d. Meaning and purpose
e. Accomplishment

No one element defines well-being, but each contributes to it. Some aspects of these five elements are measured subjectively by self-report, but other aspects are measured objectively.[27]

V. GOOD WILLING CAN INCREASE PERMA THROUGH EXPENDITURES ON BENEFICIARY EXPERIENCES VERSUS MATERIAL POSSESSIONS.

People’s lives can be enriched by redirecting expenditures from things that provide fleeting joy to those that provide more substantial and lasting contributions to well-being[28]. This conclusion affirms the earlier conclusion by Dr. Gilbert mentioned above that the “secret of happiness” is to seek out “good” things that provide a lasting and reinforcing positive experience.

A. P = Positive Emotion is more likely achieved through purchased experiences rather than purchased possessions.

The idea of positive emotion is what we traditionally think of as happiness. While the element of happiness is reported by a subjective scoring this in no way invalidates the authenticity of the measurement. Richard Layard points out that there is now empirical research on brain wave function that proves that there is an objectively verifiable way to prove the validity of happiness as a positive emotion[29].

The consumption category as mentioned in part II.A.1 is the category of wealth transfer that has the most research data relating money to happiness. This research can help grantors formulate wealth transfer decisions by focusing on which wealth transfer (purchase) decisions give the most positive emotion and the least negative emotion. Researchers divided purchases into experiential and material (possessions) to determine ways to increase the happiness of consuming wealth owners.

> The distinction between material and experiential purchases was introduced by Van Boven and Gilovich (2003), who defined the former as “spending money with the primary intention of acquiring a material possession–a tangible object that you obtain and keep in your possession” and the latter as “spending money with the primary intention of acquiring a life experience—an event or series of events that you personally encounter or live through.” [30]

The overwhelming trend of the research is that buying experiences is superior to buying material possessions. However, material purchases have an unsung advantage in that they provide more frequent bouts of momentary happiness in the weeks after they are acquired[31]

1. <u>People report being happier when they bought experiences than when they bought material possessions.</u>

The Van Boven and Gilovich 2003 study asked 1500 participants to think of their most recent purchase over \$100 and then rate it in terms of their enjoyment/happiness. The participants reported by significant majorities that they got more positive emotion out of the experiential purchases than the material purchases and this pattern bore itself out in every demographic category of age, employment, ethnicity, gender, marital status, political identification, region and residential environment. Interestingly, the widest disparity was for women 62% experiential preference versus 30% material preference (almost 2-to-1).[32]

2. <u>Spending on experiences is superior to spending on material possessions because the enjoyment of experiences lasts longer.</u>

One study out of six conducted by Dr. Thomas Gilovich of Cornell in 2010 asked respondents to recall a past purchase made for over \$50. At the point of purchase there was virtually no difference between reported feelings for material vs experiential purchases. When the respondents were asked to rate their happiness about the purchase <u>looking back</u> from the current moment there was much *greater* disappointment with the material purchases. However as to experiences that were purchased, there was a reported <u>increase</u> in satisfaction looking back.[33] This reverses the conventional thinking that buying a material possession will provide some**thing** to demonstrate the value of the expenditure. Studies show that it is *experiences* that will prove money to have been well spent. (Commentators did note that more research is needed to see if some types of material purchase can promote lasting happiness by repeated times of daily positive experiences[34].

3. In hindsight experiences are more highly valued than material possessions for most people.

There is much greater regret over the failure to purchase a desirable experience than the failure to purchase a desirable material item.

The research has measured the level of regret for purchasing and not purchasing an item or an experience. The idea was that if material purchases were more valuable, respondents would regret the affirmative decision not to buy material things more than they would regret the affirmative decision not to buy an experience. A 2012 study said that the opposite was true. People had far more regrets for inaction of experiences than for possessions on almost a 2-to1 basis.[35] The idea is that benefactors will regret the decision not to buy tickets for the child to go to the concert, play or game much more than regretting the decision *not* to purchase a material item like a car.[36]

B. E= Engagement;

Wealth transfers that create flow (as defined in Seligman’s definition of Engagement as the “E” in PERMA) are more likely to come from buying an experience that can be verbally recalled and shared than a possession that can be shown and discussed.

In general, people are much more engaged in the “flow” of life (when they are involved in recounting an experiential purchase than a material possession. Joseph Pine and James Gilmore capture the power of engagement that comes from companies attempting to immerse their customers into an experience that is transformational in the following quote from their classic book *The Experience Economy*:

> Take something as simple as a ticket stub, a natural by-product of many an experience. Perhaps you have some tucked away in the bottom of a jewelry box (with other valuable items), or your children have some carefully mounted and displayed in their bedrooms. Why do we keep these torn scraps of paper? It's because they represent a cherished experience. As Bruno Giussani, European director of TED Conferences, related to us, “Memorabilia are a way to ‘socialize’ the experience, to transmit parts of it to others . . .”.
>
> [However] what are people really after as they enter into all these pursuits? Experiences, yes. But there is more than that: we want to transform ourselves, to become different. While experiences are less transient than services, the individual partaking in the experience often wants something more lasting than a memory, something beyond what any good, service, or experience alone can offer.
>
> The individual buyer of the transformation essentially says, “Change me.”[37]

The research bears out the hunger of human beings to be a part of experiences that they can add to their “life story” (discussed below) and then share with others. It is this sharing that often makes the purchase of experiences transformative.

In a 2010 study participants were paired and divided into two groups. One group talked for 20 minutes about the purchase of material possessions with their newly assigned partner. The other group talked about the experiences they purchased. The groups were asked to rate the level of engagement and flow of their conversation.

The partners talking and hearing about experience purchases rated the conversation as more engaging[38].

C. <u>R= Relationships</u> are more likely be enhanced by the choice to buy and share experiences over material possessions.

Wealthy family benefactors that have spent a lifetime collecting art or other collectibles are often troubled by how to transfer that wealth to the next generation. A purchase that provided happiness for benefactors often does not show prospects of bringing happiness to potential beneficiaries, especially children. On the other hand, purchasing a shared experience around art may have a greater chance of strengthening relationships within the family and to humanity in general.

Studies found that material purchases are more easily directly associated with money itself. In general the focus on money introduces “antisocial effects”[39]. “A review of over 150 studies supports two robust categories of effects (Vohs 2015); compared to neutral primes, reminders of money make people less interpersonally attuned [sic] they become unhelpful, stingy and disinterested in social interaction . . . On the other hand reminders of money do motivate people to work. [40]

Another reason for the greater happiness from experiential purchases is that experiences tend to be more emotionally acute and socially connected than material goods.[41] This is the implicit reason that one 2017 study concluded that recipients of experiential gifts feel more connected to their gift giver than do recipients of material gifts. Experiments examining actual gift exchanges in real-life relationships reveal that experiential gifts produce greater improvements in relationship strength than material gifts, regardless of whether the gift giver and recipient consume the gift together[42].

In a 2009 study, 154 San Francisco State University students completed a survey about recent purchases and the scores showed that the reason there was more enjoyment in experiential purchases was because the experiential purchases scored higher on "relatedness."[43] The implication was that the experience purchase somehow allowed the purchaser to feel more involved with others.

D. M=Meaning for life and life purposes is increased by experiential purchases and gifts.

Meaning informs well-being by giving the individual a sense of destiny, purpose and connectedness to humanity. Typically, these are the feelings associated with charitable giving in its' traditional sense. Research has shown that self-awareness, mindfulness, and many of the Signature Strengths depend on the ability of benefactors and beneficiaries to get beyond self-interest. Experiential purchase decisions help develop meaning better than purchases of material possessions.

The connection between unrelated people who make the same purchase of a material item or experience is stronger when the purchase is for an experience. Interestingly this stronger sense of connection fostered by experiences seems to spread to a feeling of general connectedness to humanity.[44]

Thinking of recent experiential purchases and gifts typically creates a sense of social connectedness and interdependence. While individual material possessions can be enjoyed quite nicely in a solitary environment, many if not most experiential purchases require the involvement of others. 2013 research connected with 184 random craigslist[45] participants concluded that spending money to acquire experiences that are shared with others is valued over spending money on solitary experiences or on material possessions. The 2013 study was able to completely isolate the social factor as being the primary explanation for why people tend to prefer the experience purchase.[46]

There is a strongly documented desire for human beings to help and give to other human beings through shared experiential giving. This is so well attested it hardly bears repeating. Nonetheless here are recent research comments from Richard Layard and the co-authors of the 2018 book *The Origins of Happiness* regarding the need and desire for human beings to help one another.

> "But are we also happier if we treat others well . . .? Does unselfish behavior bring its own reward? Sometimes of course it hurts. But in general doing good is internally rewarding to the doer. Here are some experimental examples, beginning with a natural experiment. When East Germany was united with West Germany, many opportunities for volunteering in East Germany disappeared. At the same time those who had previously volunteered were found to have much larger falls in happiness than those who had not been volunteering. This suggests strongly that volunteering had been a cause of happiness for those who did it.
>
> Lab experiments are also convincing. In an experiment on giving, one group [was] given some money to spend on themselves, and another group [was] given equal amounts of money to spend on others. At the end of the day the second group reported themselves to be the happier. These effects on happiness can also be observed in the brain's reward centers—when people give money they experience a positive reward.
>
> Moreover, altruism can be trained. After two weeks' compassion training, the treatment group gave more money than the control group in a laboratory game, and at that time they also showed more neural activity in the reward centers of the brain."

E. A= Accomplishments prove that we are what we do *not* what we own.

Every individual should journal their accomplishments in the light of their Signature Strengths (See endnote #14 for the definition). Estate planning requires careful valuation and accounting of all that an individual possesses. However, wealth-owning benefactors and wealth-receiving beneficiaries are infinitely more than the sum of their possessions. The sum of an individual's experiences is more important in calculating and extrapolating the good life. Although accumulated money is indeed a relevant marker of one's accomplishments, it may not be the best indicator of a good life.

In recounting research relevant to accomplishments we start with an experiment that attempts to prove that when people write the story of their life (something every benefactor should do[47]) it typically will focus more on acquired experiences than acquired possessions.

Reviewing a life narrative of respondents shows that people regard themselves by what they did more than what they own.

In a 2012 study, 91 Cornell students were asked to list the five most significant material purchases and the five most significant experiential purchases. They were then directed to write a summary of their "life story" – who they were and how they got to be the person they are, along with the general themes of their life. The respondents were required to include at least one purchase of a material item and one experiential item in their story. The stories were then scored for how many of each type of purchase was mentioned in their summary story. The experience purchases won by a 42% to 22% margin.[48]

Respondents were more generous in a games theory simulation after being reminded of experiential purchases.[49]

Respondents were shown Venn diagrams showing various illustrations of hypothetical circle relationships showing relationships (father, mother, siblings and friends) to a central self-circle. The participants were then asked to draw a circle for themselves with other circles representing their major material and experiential purchases. As predicted, the experiential purchase circles were statistically closer to the self-circle than the material purchases.[50] Experiences represent the ego more closely and therefore it is easier to let the painful points fade and remember experiences more favorably than the facts warrant.

Achievement is by definition comparative. In the “good life”, the comparisons highlight good choices. In regard to consumer choices, research shows that purchase happiness can be greatly influenced by comparisons to “the Joneses”.[51]

VI. CONCLUSION

All gratuitous wealth transfers are motivated by “benevolence” and therefore by definition such transfers t must advance the well-being of the recipient. Therefore, benevolence aimed at next generation family members must be purposed to do measurable good. Positive psychology research shows that wealth transfers that provide experiences may be vastly superior to wealth transfers that provide material possessions. And so, attorneys and advisors should be advocating that clients make experiential wealth transfers that advance the predetermined and well-defined PERMA of the beneficiary. Of course there is always the issue of beneficiary autonomy[52] and the traditional tax concerns of in-kind and indirect giftsthat must also be considered. However, In the final analysis the core goal of all estate planning and all wealth transfers must be to create, share and transmit the “benefits” of well-being, happiness and the good life for family . . . for community . . . forever.

ENDNOTES

[1] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol,** “*A Wonderful Life: Experiential Consumption and the Pursuit of Happiness”* 25 Journal of Consumer Psychology 1 p.152 (2015) quoting Bo Derek.

[2] **Seligman**, Martin E. P.. Flourish: A Visionary New Understanding of Happiness and Well-being (pp. 16-19). Atria Books. 2011 Kindle Edition **PERMA™ Theory** is a Trademark of Martin Seligman, PhD, the founder of Positive Psychology**.**

Well-being has several contributing elements that take us safely away from monism. It is essentially a theory of uncoerced choice, and its five elements comprise what free people will choose for their own sake. And each element of well-being must itself have three properties to count as an element: 1. It contributes to well-being. 2. Many people pursue it for its own sake, not merely to get any of the other elements. 3. It is defined and measured independently of the other elements (exclusivity). Well-being theory has five elements, and each of the five has these three properties. The five elements are positive emotion, engagement, meaning, positive relationships, and accomplishment. A handy mnemonic is PERMA.

Positive emotion. The first element in well-being theory is positive emotion (the pleasant life). It is also the first in authentic happiness theory. But it remains a cornerstone of well-being theory, although with two crucial changes. Happiness and life satisfaction, as subjective measures, are now demoted from being the goal of the entire theory to merely being one of the factors included under the element of positive emotion.

Engagement. Engagement remains an element. Like positive emotion, it is assessed only subjectively (“Did time stop for you?” “Were you completely absorbed by the task?” “Did you lose self-consciousness?”). Positive emotion and engagement are the two categories in well-being theory where all the factors are measured only subjectively. As the hedonic, or pleasurable, element, positive emotion encompasses all the usual subjective well-being variables: pleasure, ecstasy, comfort, warmth, and the like. Keep in mind, however, that thought and feeling are usually absent during the flow state, and only in retrospect do we say, “That was fun” or “That was wonderful.” While the subjective state for the pleasures is in the present, the subjective state for engagement is only retrospective.

Positive Relationships. When asked what, in two words or fewer, positive psychology is about, Christopher Peterson, one of its founders, replied, “Other people.” Very little that is positive is solitary. When was the last time you laughed uproariously? The last time you felt indescribable joy? The last time you sensed profound meaning and purpose? The last time you felt enormously proud of an accomplishment? Even without knowing the particulars of these high points of your life, I know their form: all of them took place around other people. Other people are the best antidote to the downs of life and the single most reliable up. **(p. 20).**

Meaning. Meaning has a subjective component (“Wasn’t that all-night session in the dormitory the most meaningful conversation ever?”), and so it might be subsumed into positive emotion. Recall that the subjective component is dispositive for positive emotion. The person who has it cannot be wrong about his own pleasure, ecstasy, or comfort. What he feels settles the issue. Not so for meaning, however: you might think that the all-night bull session was very meaningful, but when you remember its gist years later and are no longer high on marijuana, it is clear that it was only adolescent gibberish.

Meaning is not solely a subjective state. The dispassionate and more objective judgment of history, logic, and coherence can contradict a subjective judgment. Abraham Lincoln, a profound melancholic, may have, in his despair, judged his life to be meaningless, but we judge it pregnant with meaning. Jean-Paul Sartre’s existentialist play No Exit might have been judged meaningful by him and his post–World War II devotees, but it now seems wrongheaded (“Hell is other people”) and almost meaningless, since today it is accepted without dissent that connections to other people and relationships are what give meaning and purpose to life.

Accomplishment. Accomplishment (or achievement) is often pursued for its own sake, even when it brings no positive emotion, no meaning, and nothing in the way of positive relationships. . . . Winning only for winning’s sake can also be seen in the pursuit of wealth. . . . So well-being theory requires . . . accomplishment in its momentary form, and the “achieving life,” a life dedicated to accomplishment for the sake of accomplishment, in its extended form. I fully recognize that such a life is almost never seen in its pure state (nor are any of the other lives). People who lead the achieving life are often absorbed in what they do . . .

The addition of the achieving life also emphasizes that the task of positive psychology is to describe, rather than prescribe, what people actually do to get well-being. Adding this element in no way endorses the achieving life or suggests that you should divert your own path to well-being to win more often. Rather I include it to better describe what human beings, when free of coercion, choose to do for its own sake. (p. 20).

[3] **Mogilner**, C., **Williams**, A., & **Norton** M.I., “*Time, Money and Subjective Well-Being.”* (2018) found in E. Diener, S. Olishi & L. Tau (Eds.) Handbook of Well Being. Noba Scholar Handbook series: Subjective well-being. Salt Lake City, UT: DEF publishers. DOI:nobascholar.com citing Statistics fom Canada, 2016; US Census Bureau , 2015.

[4] **Magill,** R Hugh, *Estate Planning and Trust Management For a Brave New World: It’s All In The Family . . . What’s A Family 44 ACTEC Law Journal 6* . Each family’s wealth is grounded in a unique set of values and aspirations. These find expression in various individual and shared activities and practices and, to the extent that families work together and share responsibility for those aspects of their wealth, family communications and governance become increasingly important. So how can contemporary families lay the best foundation for their work together? I would offer a five-factor approach. First, what’s at stake, what kind of matter is at issue? Second, who are the members of our family; how do we define family? Third, who gets to be at the table? Fourth, what structures (if any, in some cases) surround our decision-making on particular issues? And fifth, where does the buck stop?

[5] For the love of money is the root of all evil. I Letter to Timothy Chapter 6 verse 10a KING JAMES BIBLE Kindle Edition.

[6] See, **Mogilner, Whillans and Norton** note 3 above “compared to neutral primes, reminders of money make people less interpersonally attuned they become unhelpful, stingy, and disinterested in social interaction” citing (Gasiorowska, Zaleskiewicz, & Wygrab, 2012; Vohs, Mead, & Goode, 2006, 2008) to be discussed in greater detail in Section V.

[7] **Franklin**, R., and **Tordini**, C. E. “*Well-Being Supported By Family Wealth – A Foundation to Flourish”* Tax Management Estates, Gifts, and Trusts Journal, 45 EGTJ 3-9 2020 The Bureau of National Affairs, Inc

[8] **Clark**, Andrew. The Origins of Happiness (p. 36). Princeton University Press 2019 There is a clear relationship between income and happiness.

[9] **Quoid**, J., **Dunn** E. W. ,**Petrides** K. V., **Mikolajczak** M. “*Money giveth, money taketh away; The dual effect of wealth on happiness” Psychological Science 21 (6), 759-763* (2010).

[10] **Kushlev** K., **Dunn** E., & **Ashton-James** C.,“*Does affluence impoverish the experience of parenting?*” Journal of Experimental Social Psychology 48 1381–1384 (2012)

[11] Miller, J. G., Kahle, S., Hastings, P. D., “*Roots and benefits of costly giving: children who are more altruistic have greater autonomic flexibility and less family wealth”* Psychological Science 26 (7) 1038-1045 (2015)

[12] **Willis**, T. C. Navigating the Dark Side of Wealth, A life Guide for Inheritors New Concord Press 2003

[13] https://www.merriam-webster.com/dictionary/benevolent#note-1 last accessed 9/25/2019

[14] **Seligman**, Martin E. P., (p. 36) n.2 and see the complete discussion of this in **Franklin** R., Section 2.3.

The **VIA Inventory of Strengths** (**VIA-IS**), formerly known as the "Values in Action Inventory," is a psychological assessment measure designed to identify an individual's profile of character strengths.

It was created by Christopher Peterson and Martin Seligman, well-known researchers in the field of positive psychology, in order to operationalize their Character Strengths and Virtues Handbook (CSV). The CSV is the positive psychology counterpart to the Diagnostic and Statistical Manual of Mental Disorders (DSM) used in traditional psychology. Unlike the DSM, which scientifically categorizes human deficits and disorders, the CSV classifies positive human strengths. Moreover, the CSV is centered on helping people recognize and build upon their strengths. This aligned with the overall goal of the positive psychology movement, which aims to make people's lives more fulfilling, rather than simply treating mental illness. Notably, the VIA-IS is the tool by which people can identify their own positive strengths and learn how to capitalize on them.

Classification of strengths

1. **Wisdom and Knowledge:** creativity, curiosity, judgment, love of learning, perspective
2. **Courage:** bravery, perseverance, honesty, zest
3. **Humanity:** love, kindness, social intelligence
4. **Justice:** teamwork, fairness, leadership
5. **Temperance:** forgiveness, humility, prudence, self-regulation
6. **Transcendence:** appreciation of beauty and excellence, gratitude, hope, humor, spirituality

https://en.m.wikipedia.org/wiki/Values_in_Action_Inventory_of_Strengths last accessed 10/1/19.

[15] See, **Franklin** R n.8 Section 2 Positive Psychology Today

[16] See, **Franklin** R. n. 8 Section 2.3 citing Seligman & Peterson, “*The Values in Action (VIA) Classification of character Strengths”* Ricerche di Psicologia 27(1), 63-78 (2004).

[17] **Gilbert**, Daniel. Stumbling on Happiness (p. 239). Knopf Doubleday Publishing Group (2006)

[18] **Gilbert**, Daniel. N. 15 pp 239

[19] **Layard**, Richard. Happiness: Lessons from a New Science (p. 48). Penguin Publishing Group (2005)

[20] See **Layard** n. 16

[21] **Lindqvist**, E., **Ostling**, R., & **Cesarini**, D. Long-run effects of lottery wealth on psychological well-being (NBER Working Paper No.24667) (2018) Research Institute of Industrial Economics found at www.ifn.se

[22] See, **Lindqvist**, E., n. 18

[23] See, **Franklin**, R., Section 4. N.7

[24] See, **Easterlin**, R A “Diminishing Marginal Utility of Income? Caveat Emptor,” Social Indicators Research 70: 243–326 (2005). It turns out that income change over time within the income range used in the point-of-time studies does not generate the change in happiness implied by the cross sectional pattern. Hence, the point of this note is that, until much more time series research is done, one should think twice before assuming that bivariate cross sectional generalizations about diminishing marginal utility of income can be safely used to infer change over time. pp.243.

[25] **Clark** A.E , **Flèche** S., **Layard** R., **Powdthavee** N., and **Ward** G., THE ORIGINS OF HAPPINESS The Science of Well-Being over the Life Course Princeton University Press (2018).

[26] **Seligman**, Martin E. P., (p. 11) n.2

[27] **Seligman**, Martin E. P., https://www.authentichappiness.sas.upenn.edu/learn/wellbeing

[28] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol,** n.1. p. 153.

[29] **Layard** R. n.16 pp Sceptics may still question whether happiness is really an objective feeling that can be properly compared between people. To reassure doubters, we can turn to modern brain physiology with its sensational new insights into what is happening when a person feels happy or unhappy.

[30] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol,** n.1. quoting Van Boven L., & Gilovich T., “*To do or to have that is the question”* Journal of Personality and Social Psychology 85(6) 1193-1202 (2003)

[31] **Weidman** A. C. & **Dunn** E. W. *The Unsung benefits of Material things; Material things bring more frequent momentary happiness than experiential purchases”* Social Psychology and Personality Science 7(4).

[32] **Van Boven** L. & **Gilovich** T., “*To do or to have. That is the question*”, Journal of Personality and Social Psychology (85) 6 1193-1202 (2003)

[33] **Carter** T. J., **Gilvoich** T., “*The relative relativity of material and experiential purchases*” Journal of Personality and Social Psychology (98) 146-159 (2010)

[34] **Mogilner**, C., **Williams**, A., & **Norton** M.I n.3 p.12

[35] **Rosenzweig** E., & **Gilovich** T., “Buyers remorse or missed opportunity? Differential regrets and experiential purchases” Journal of Personal and Social Psychology 102(2) 215-223 (2012)

[36] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol,** n.1

[37] **Pine** II, B. Joseph; **Gilmore**, James H.. The Experience Economy, Updated Edition (Kindle Location 949, 1448, 3515 and 3694). Harvard Business Review Press. (2011).

[38] **Kumar** A and **Gilovich** T., *“Talking about what you did and what you have: the differential story utility of material and experiential purchases”* Personality and Social Psychology Bulletin 1–12 (2015) Although our material goods “disappear” through habituation, our experiential purchases live on in the memories we cherish and, as we have shown here, in the stories we tell.

[39] **Mogilner**, C., **Williams**, A., & **Norton** M.I n.3 p.4

[40] **Mogilner**, C., **Williams**, A., & **Norton** M.I n.3 p.4

[41] **Mogilner**, C., **Williams**, A., & **Norton** M.I n.3 p.11

[42] **Chan**, C., & **Mogilner**, C. (2017). Experiential gifts foster stronger social relationships than material gifts. *Journal of Consumer Research*, *43*(6), 913-931.

[43] **Howell** R.T. & **Hill** G., *“The mediators of experiential purchases: determining the impact of psychological needs satisfaction and social comparison”* Journal of Positive Psychology 4 511-522 (1998) However, only relatedness satisfaction was significantly correlated with others’ well-being due to the purchase. p. 515

[44] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampo** n.1 p. 155

[45] **Craigslist** (stylized as **craigslist**) is an American classified advertisements website with sections devoted to jobs, housing, for sale, items wanted, services, community service, gigs, resumes and discussion forums.

Craig Newmark began the service in 1995 as an email distribution list to friends, featuring local events in the San Francisco Bay Area. It became a web-based service in 1996 and expanded into other classified categories. It started expanding to other U.S. cities in 2000, and now covers 70 countries. https://en.wikipedia.org/wiki/Craigslist last accessed 10/1/19

[46] **Caprariello**, P. A., & **Reis**, H. T. (2012, December 31). “*To Do, to Have, or to Share? Valuing Experiences Over Material Possessions Depends on the Involvement of Others”.* Journal of Personality and Social Psychology 104(2) 199-215 Our results demonstrated that one such difference, sociality, can fully account for the hedonic advantages of spending money on experiences relative to material possessions. P 211.

[47] See, **Odom** R., *The “Goal Standard” of Estate Planning*” Trust & Estates October (2016)

[48] **Carter**, T.,& **Gilovich** T., “*I am what I do not what I have: The differential centrality of experiential and material purchases to the self”* Journal of Personality and Social Psychology 102 (6) 1304-1317

[49] **Kumar** A., & Gilovich T. “*Spending on doing not having fosters giving*”

[50] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol** n.1 p. 156.

[51] **Gilovich**, Thomas, Amit **Kumar** & Lily **Jampol** n. 1 p. 157

[52] See, the excellent and comprehensive discussion of “autonomy” in **Stevens**, Marjorie J., “*Our Lives, Our Legacies”* p. 11-14 ACTEC 2019 Fall https://www.actec.org/assets/1/6/F19_seminar1_Stephens.pdf. **See also, Franklin R.** and **Torini C.** The overarching ideas in this article are [to] [r]ecognize the fundamental human need for self-determination and autonomy**.** “*Well-Being Supported By Family Wealth – A Foundation to Flourish”* Tax Management Estates, Gifts, and Trusts Journal, 45 EGTJ 3 2020 The Bureau of National Affairs, Inc