Estate Planning: The Missing Piece in Your Clients' Financial Puzzle

Top 3 Reasons Your Clients May Not Have an Estate Plan—and How You Can Help

During your discussions with other advisors or while reading industry publications, you have likely come across startling statistics about the number of Americans without an estate plan.

The exact figures vary by survey and demographic, but the story they tell is consistent: Roughly two-thirds of Americans are unprepared to transfer their assets and care for their loved ones in a medical emergency. For example, a 2025 survey by Caring.com found that only 24 percent of Americans have a will.[1] A report by online service Trust & Will puts that number slightly higher, at 31 percent (with 11 percent having a trust),[2] while D.A. Davidson found that just one in three adults has any form of estate plan, including a healthcare power of attorney.[3]

Also consistent across these studies are people's reasons for not having an estate plan. They range from believing that their efforts will not make a difference, to misconceptions about estate planning being for only the wealthy, to simple procrastination. Even more concerning, the overall trend is downward—fewer Americans are engaging in estate planning despite widespread acknowledgment of its importance.[4]

What is an advisor to think—and do—about this potentially calamitous oversight? It starts with understanding why Americans are not planning for their futures.

Reason 1: They Think They Do Not Own Enough to Have an Estate Plan

In all three surveys noted above, the top reason people gave for not having an estate plan was some version of "I don't have enough assets to leave to anyone."

That misconception tends to stick because the word *asset* often brings to mind images of wealth—mansions, yachts, or sprawling investment portfolios. However, an asset is anything a person owns that has value to them or their loved ones. That definition may include things with financial value, such as a home, a retirement account, or a car. It can also include things that have only sentimental value, including a treasured family heirloom, a grandmother's recipe collection, a beloved pet, or even the values and life lessons one wants to pass down. Regardless of your client's financial situation, they likely have a legacy they want to leave behind. Ask them what that might be and how it might look. This conversation can touch on not only what they own but also how they see themselves and the story they want their life and legacy to tell.

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[1] Victoria Lurie, *2025 Wills and Estate Planning Study*, Caring (Sept. 17, 2025), https://www.caring.com/resources/wills-survey.

[2] 2025 Estate Planning Report, *Redefining Legacy*, Trust and Will, https://trustandwill.com/documents/2025-estate-planning-report.

[3] *Only One-Third of Americans Have an Estate Plan, D.A. Davidson Survey Finds*, D.A. Davidson (Oct. 11, 2022), https://www.dadavidson.com/About-Us/News/ArticleID/5443/Only-One-Third-of-Americans-Have-an-Estate-Plan-D-A-Davidson-Survey-Finds.

[4] Victoria Lurie, *2025 Wills and Estate Planning Study*, Caring (Sept. 17, 2025), https://www.caring.com/resources/wills-survey.

It is equally important for your clients to understand that estate planning is about far more than wealth transfer. It is also about what happens if a person becomes incapacitated, whether from illness, injury, or age-related decline. Everyone may face incapacity at some point, and without the right documents in place, decisions about your healthcare, finances, and personal care could end up in the hands of strangers or the courts. Incapacity planning is the second major pillar of estate planning, yet only one-third of Americans have a healthcare power of attorney, and even fewer (30 percent, according to D.A. Davidson) know what it is.[5] Is your client one of them?

This information gap presents an opening for advisors. While some clients may benefit from deep conversations about wealth and legacy, many simply need clear education on what estate planning covers and why it matters for everyone.

Reason 2: They Think Beneficiary, Payable-on-Death, and Transfer-on-Death Designations Are Enough

Some clients think they have an estate plan when, in fact, all they have are beneficiary, payable-on-death (POD), or (transfer-on-death) TOD designations on some or all of their financial assets. Such designations are often outdated or poorly suited to their current needs and circumstances.

For starters, beneficiary, POD, and TOD designations generally apply only to specific financial accounts, assets, or insurance policies. They do not cover property such as a vehicle or a house (unless your state recognizes TOD deeds). They also do not cover anything inside the home, such as household belongings, family heirlooms, or collectibles. Without a will or a trust, these assets may have to go through probate court to be distributed according to state intestacy law—which may not include the people your clients would have chosen.

Another limitation is that these designations do not allow your client to control when the inheritance is received; it can only be distributed outright. Your client cannot stagger distributions based on ages, milestones, or a set number of years after death, or create any other personalized plan. Once the inheritance is in the beneficiary's hands, your client will lose the ability to protect it from creditors or add guardrails for minor children or adult beneficiaries who may be inept at managing money.

Finally, beneficiary, TOD, and POD designations work as intended only if they are kept up to date. A form filled out years ago and not updated after a major life event, such as a divorce, a marriage, or the birth of a child, could mean that the people to whom your clients meant to leave their assets are unintentionally left out.

Beneficiary, TOD, and POD designations can be valuable tools within a comprehensive, well-thought-out estate plan, but without broader planning and regular updates, they can leave major gaps. Ask your clients when they last updated their beneficiary designations, whether they

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[5] *Only One-Third of Americans Have an Estate Plan, D.A. Davidson Survey Finds*, *D.A. Davidson* (Oct. 11, 2022), https://www.dadavidson.com/About-Us/News/ArticleID/5443/Only-One-Third-of-Americans-Have-an-Estate-Plan-D-A-Davidson-Survey-Finds.

named backups in case something happens to their initial choices, and if they are okay with outright distributions to their chosen beneficiaries, which offer no protections for them.

Reason 3: They Have Told Their Loved Ones What Their Wishes Are

Clients may assume that they do not need an estate plan because they have had “the talk” with their loved ones about who gets what when they die. Since everyone knows their wishes, they may believe that no attorneys or courts need to be involved. They trust their family to act responsibly and do what was discussed. Everyone seems to agree.

The problem is that verbal conversations your client has with their loved ones—no matter how much they promise to honor the client’s wishes—are not legally binding. Open communication and trust are important, but putting your client’s wishes into a legally valid estate plan is essential for true protection. Memories fade, stories conflict, and family harmony can break down overnight when money or property is at stake. What begins as a peaceful family agreement can quickly unravel into bitter probate court battles.

If your client has no legally valid estate plan, the court may need to get involved, and the outcome might look nothing like what the client wanted or what their family thought they agreed to. Verbal agreements may feel binding, but as far as estate planning goes, spoken promises are worth little more than a pinky swear.

Find Out What Motivates Your Client

A common thread running through these three points is that perception informs reality. A client may **believe** they do not have enough to pass on, **assume** that naming beneficiaries on all of their accounts will avoid probate, or **think** that verbally expressing their wishes is sufficient. However, reality is much different.

You do not have to be heavy-handed to get clients to think about their estate plan. A few well-placed questions—even something as simple and direct as “Do you have an estate plan?”; “Do you know what happens without one?”; or “What matters most to you?”—can start them thinking.

How they define and express their legacy is their prerogative. Creating a plan so they can protect it is ours. When reflection leads to action, we can help you and your clients take the next steps.