

Inheritance in Switzerland

An empirical analysis with special consideration of ambivalent generational relations

Summary of research project Nr. 4045-059627

(NRP 52 Childhood, Youth and Intergenerational Relationships in a Changing Society)

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Berne, Juli 2006

Summary

Although inheritance is a common occurrence in Switzerland and is of great economic importance, it has up till now never been the subject of scientific study. The first *objective* of the research project on inheritance in Switzerland, realised within the framework of the National Research Programme 52 “Childhood, youth and intergenerational relationships in a changing society”, is thus to obtain an insight into the size and socio-economic importance of inheritance. As a second step, these findings are contextualized within the framework of family and intergenerational relations. A third objective is to put inheritance practices into the context of other transfers between generations such as lifetime gifts, financial support and investment in education. Fourthly, it is important to study what people’s motives actually are for accumulating the wealth they will bequeath at a later date and for dividing it up in the manner they have chosen in order to understand the extent and the impact of the phenomenon of inheritance. Finally, on the basis of empirical data, we will ask whether there are unsolved problems and what types of reform might potentially be necessary in Switzerland.

The *research methodology* that we have chosen combines economic with sociological approaches and thus sets inheritance practices firmly within the context of family and intergenerational relations. Hence we will start by exploring the theoretical debates in economics and sociology related to inheritance.

Economic debates

One point of emphasis in *microeconomics* is the question of the *motives* behind leaving any bequest at all at one’s death. This is not automatically to be expected of an egoistical profit-maximiser as the “homo oeconomicus” has been portrayed. An individual’s motives are of interest, as they help us to predict his or her economic behaviour. Put simply, we can distinguish between three fundamental motives for making bequests: *accidental bequests*, *altruistic bequests* and *exchange-motivated bequests*. Further models (*capitalistic*, *retrospective*, *strategic* or *paternalistic bequests*) can be considered as hybrids of the former.

The most influential economic theory to deal with the context of the family is Gary Becker’s *New Home Economics*, which is derived from the neo-classical tradition. It integrates non-market phenomena such as marriage, reproductive behaviour and bringing up children into economic logic. The family is seen as a network of transfers between its individual members in the form of money, goods or time and as a production unit analogous to a company. Becker assumes that the “homo oeconomicus” behaves altruistically towards his or her family because the psychological satisfaction he or she has gained from caring for others can also be interpreted as a benefit to be maximised.

Becker’s conception lays down a clear set of initial conditions for modelling inheritance practices. Competing theories such as *feminist economics* (and its derivative *care economics*), but also *transaction cost theory*, criticise Becker’s approach for assuming that the production unit, i.e. the family, functions efficiently and smoothly under given conditions, and generates optimal benefits. The latter theories lay emphasis on internal power struggles and problems of coordination and they neither make assumptions about efficiency, nor do they maintain that the motivations behind people’s behaviour can be generalised. They thus make understanding inheritance within the family context perhaps more realistic, but also more complex. For our project, we decided not to take up this approaches but instead to adopt a different sociologically based perspective.

In *macroeconomics* the legitimation of inheritance is an area of debate. There is a conflict between private property law and the elimination of privileges of birth, in order to create equality of opportunity and thus avoid distortions of market competition. Technically sophisticated overlapping generation models are

used to calculate the economic impacts of inheritance as well as taxes on inheritance, on both equality and economic efficiency.

Sociological approaches

An important difference between the sociological perspective and the economic one is that the former places inheritance practices in the context of intergenerational relations that are both shapeable and culturally structured. No general theory of intergenerational relations exists; there is one scenario of conflict of generations, just as there is one of solidarity between generations. The crucial aspect for society at large is which one of them predominates, since the question whether generations receive private support from one another affects the entire social system and has an impact on the distribution of wealth.

The theoretical construct of *generational ambivalence*, developed in particular by Kurt Lüscher, attempts to bridge the apparent opposition between solidarity and conflict. It is based on the heuristic hypothesis that shaping intergenerational relations requires the managing of ambivalence. Ambivalence is understood in terms of latent dualities that act simultaneously, for example between closeness and distance, love and aversion, help and interference, attachment and the desire for freedom.

To deal with ambivalence in private intergenerational relations, Lüscher offers a differentiated explanatory module that we have sought to apply in our research project. His approach considers that there are two defining dimensions involved in forming relations, the subjective-personal one between convergence and divergence, and the structural-institutional one between reproduction and innovation. By combining these two dimensions, it is possible to distinguish a field of “intergenerational ambivalences” with four basic forms of shaping relationships: solidarity, emancipation, captivation and atomisation. The different motives for inheritance can be categorised under these basic forms.

At the *micro level*, there is a tension between the sociological focus on relationships on the one hand, and the economists’ assumption of a largely autonomous “*homo oeconomicus*”. However, as some authors have demonstrated, these two views are not completely incompatible. These authors see rationality as the exception rather than the rule, suited to occasions that offer real scope for individual decisions. On the other hand, in situations where relationships are central, ambivalence offers the more appropriate explanation. It is pointed out that incomprehensible situations are predominant, in which people find it impossible to form clear preferences. In such cases one is faced with an uncertainty problem that can be expressed as: What do we do when we don’t know what would be the best thing to do? We fall back on tradition, routines and norms, but these can be selected, interpreted and also further developed in a creative fashion. The outcome will nevertheless also depend on the power one has to impose a decision on others.

Contacts and exchange are seen, in sociology, as being the *building blocks of relationships*. In the private sphere, the generations exchange money, goods, services (mostly in the form of unpaid help), knowledge, convictions and moral support. Inheritance should be considered as the last exchange that can be anticipated. Sociological analysis also indicates that inheritance practices should be considered against the background of social change.

Data basis

This study is based on data from very different sources. The Canton of Zurich provides the centrepiece of our research due to the data available there. We were able to have access to the administrative database of the Division for Taxes on Inheritance and Lifetime Gifts of the canton’s Tax Office, which has a register of all deaths (around 10’000 a year). To further probe specific issues, the content of selected tax files was

analysed in detail using the method of content analysis. To investigate the general situation in Switzerland, we on the one hand conducted a survey (N= 1432) as part of the *Univox survey* (which covers only people with the right to vote). On the other hand, for our financial extrapolations we combined information from the Canton of Zurich with available statistical data for the whole of Switzerland.

There has been no previous empirical research into inheritance in Switzerland. Estimates of the total annual value of inheritance were between 15 and 90 billion Swiss francs. It was known that the value of inheritance tax had grown exponentially from 42 million to 1.5 billion Swiss francs between 1950 and 1990, before dropping to 937 million Swiss francs in 2003 due to the abolition by many cantons of taxation on bequests made to direct descendants.

Legal regulations

The law on inheritance is inscribed in the code of civil law for Switzerland as a whole. A dying person is not completely free to decide about what is to happen to his or her property upon death. The law on inheritance protects direct descendants, the spouse and, in cases where there are no children, the parents under the conventions of the *legal succession* and *legal portions*. *Unmarried partners* and *stepchildren* are not considered in the law of inheritance, which is geared to the traditional family. If they are mentioned in the will, there is a risk of conflict with the legal portions to relatives.

Responsibility for *tax on inheritance and lifetime gifts* is delegated to the cantons and there are considerable differences from one to the next. The Canton of Zurich abolished taxation on direct descendants at the beginning of 2000, so we were obliged to situate our research in the years prior to this date as this change had deprived the administrative database of much of the most interesting information it contained.

With the exception of the Canton of Schwyz, every canton levies an inheritance tax, but the list of *those exempted* from paying this tax in many cantons includes the main categories of heirs: only one canton still taxes spouses and only five cantons tax direct descendants. *Unmarried partners* are in the highest tax strata in half of the cantons; other cantons have special arrangements only for unmarried couples that have shared a household for a minimum of five years. Only three cantons give unmarried partners a tax exemption equivalent to that afforded to spouses. Eight cantons also place stepchildren in the highest tax band, whereas, in nine others, they have the same tax rights as biological children.

Areas of political discussion

The political discussion in Switzerland centres on *inheritance tax*, which has been abolished for direct descendants, canton by canton, over the course of the last decade. Over the same period, the Federal Parliament has resisted numerous attempts to put the brake on this "tax race to the bottom" by establishing a uniform inheritance tax at federal level.

In Germany, the debate on the problems that new forms of family and partnership pose for inheritance law has raised the question of *testamentary freedom*, i.e. the complete abolition of legal portions. This discussion has yet to take place in Switzerland. Another element of the debate in Germany is whether inheritances could relieve pressure on the pensions system, and lead to increasing gifts to charitable organisations as a means of relieving pressure on the welfare state.

Size and importance of inheritance in Switzerland

Our research shows that the total value of inheritance in Switzerland amounted to roughly 28.5 million Swiss francs in the year 2000. This estimate corroborates well with the Federal Tax Office’s calculations.

Volume of inheritance and lifetime gifts in the year 2000 (in millions of francs)

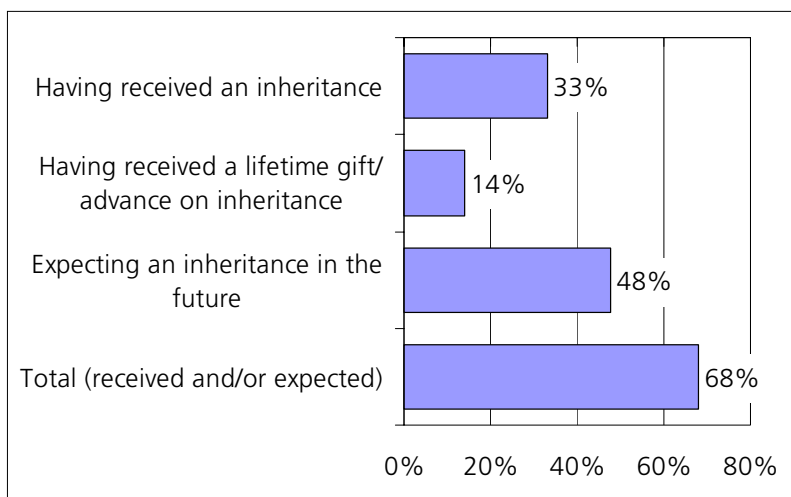
	Cant. Zurich	Switzerland
Total bequests	8'400	28'500
As a % of total fortune	2.8%	2.6%
As a % of national income	10.7%	8.1%
As a % of GDP	..	6.8%
As a % of gross household savings	..	131%
Total lifetime gifts	1'850	

Comparisons with other macro-economic indicators reveal just how important inheritance is. Swiss households inherit more than they themselves save. The total of all bequests is equivalent to 6.8% of the Gross Domestic Product (GDP), a high proportion compared to other countries. The reasons for this are the relative affluence, high Swiss real estate prices (about a third of bequests are in the form of real estate), a few people with very large personal fortunes coming to our country after retirement, as well as the fact that wealth in Switzerland is generally concentrated amongst the retired generation and is therefore bequeathed again more rapidly.

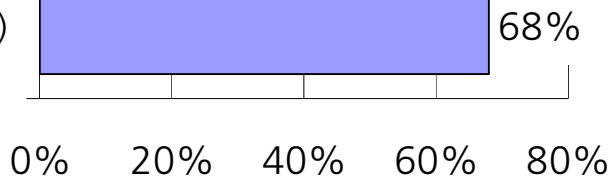
Lifetime gifts represent, according to our data, between a fifth and a quarter of the total value of inheritance. As the Canton of Zurich had already given generous tax allowances even before it abolished inheritance tax, the total value of lifetime gifts could well be even greater and can conservatively be estimated at a quarter of the total value of inheritance at least. The Federal Tax Office, which had access to data from other cantons while conducting the aforementioned study estimated it at a third of the total value of inheritance.

How great are people’s chances of inheriting? One third of respondents to our survey had already inherited. 14 percent had already received a lifetime gift. Almost half of the respondents were expecting to inherit in the future. Overall, a good two-thirds had either already received an inheritance or a lifetime gift or were expecting one. Conversely, almost a third of the population does not benefit from any inheritance or lifetime gift.

Experience and expectations of inheritance according to our survey (2004)



Total (received and/or expected)

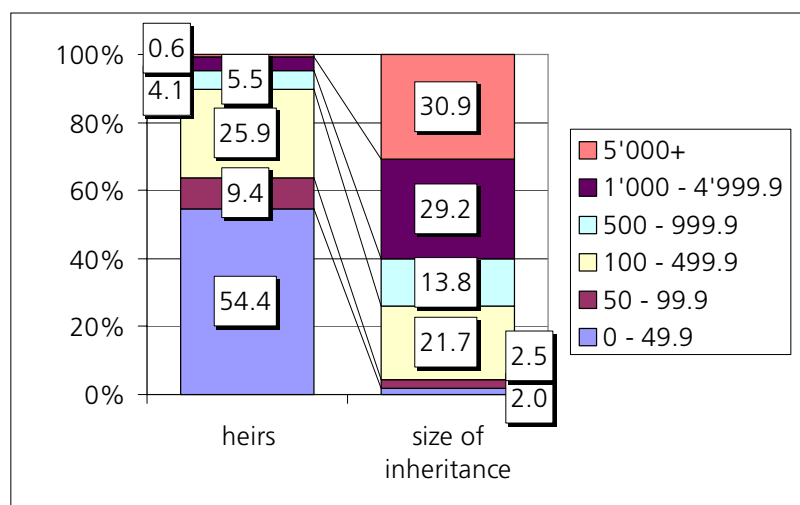


The proportion of heirs is slightly higher in German-speaking Switzerland than in the French-speaking part. And it is presumed that it would be slightly lower overall, had the non-Swiss immigrant population been included in the survey.

Distributional effects

The *average amount bequeathed* per person leaving an inheritance was 456 000 Swiss francs in the year 2000 and the *average amount inherited* per heir was 178 700 Swiss francs. But, taken in isolation, this means very little. Inheritances are very unequally distributed. A good half of the heirs - those with the smallest inheritances - shared 2 percent of the total amount; the next 40 percent received a quarter of the total and the top 10 percent three-quarters.

Heirs and amount inherited by size of inheritance (in 1000s of francs)



As is immediately obvious in a life course perspective, one's chances of inheriting are strongly dependent on one's age. The age group with the highest number of people leaving an inheritance is the one between 85 and 89 years of age. Heirs are to be found predominantly amongst the elderly; only 20 percent are under 40 years old. The age group containing the highest number of heirs is that of the 50-54 years olds. For lifetime gifts, both parties are a good ten years younger.

Lifetime gifts and inheritances lead to a certain balancing out within the family and across the generations. However, from society's point of view, distribution is according to the principle of St Matthew: *to everyone who has, will be given more*. An analysis of socio-economic indicators points to *education* – which also serves as an indicator of social class – as the central factors affecting people's chances of inheriting: people who have no vocational qualification have only half as good a chance of inheriting. Conversely, for people with at least the Matura [the equivalent of A-levels or the baccalaureate] inherit one-and-a-half times as often. The higher someone's level of education, the larger the amount he or she inherits.

Are there still *differences between the sexes* in matters of inheritance? According to our survey, women and men generally inherit just as often and roughly the same amount. These findings are confirmed by research based on survey data conducted abroad. However, a more differentiated analysis of tax data from Zurich reveals that the *amounts bequeathed* by men are 20 percent higher than those of women. This is an effect of marital status, since men die while still married more often than women do, thus

women are more often already widowed when they die. Yet, even if the age and marital status are the same, there is still a difference between the sexes. Moreover, men make lifetime gifts somewhat more often than women do and they give much higher amounts. Thus earlier discriminatory regulations in marital and divorce law still seem to be in effect amongst the older generation.

Equality between the sexes is greater in the case of *heirs and those receiving lifetime gifts*. Although the median value of the inherited sums received by men is slightly higher than that for women, this can be explained by the different composition of the heirs in respect to the degree of relationship. The important fact is that sons are not generally favoured over daughters. There are, though, some constellations, where this is still the case, e.g. in the case of handing over the family firm. Differences are generally small in the case of lifetime gifts.

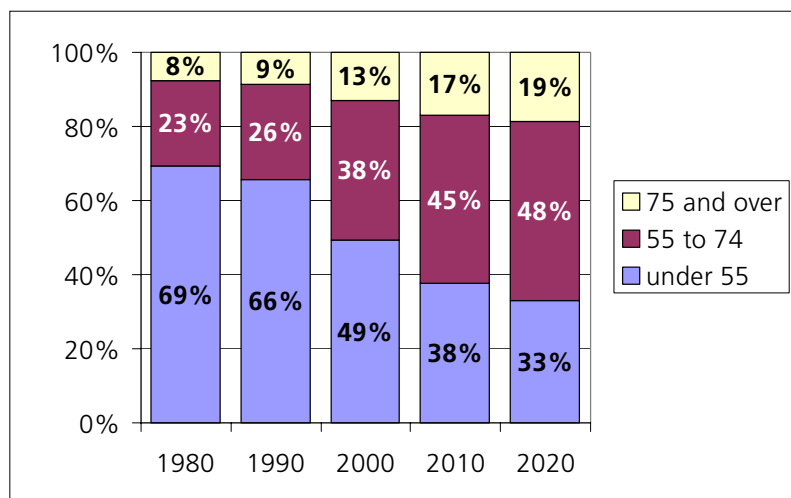
Whether inheritance contributes to greater *social inequality* also depends on the chosen perspective. An inheritance plays a far more important role, in relative terms, for households of limited means than for already affluent households at the top end of the financial scale. If, in a thought experiment, one deprived all households of their inheritance, it would not make the distribution of wealth any fairer. It is, however, certain that gifts and inheritances fulfil an important function as a buffer that allows better-off households to prevent a potential decline in the social standing of their offsprings.

There are other more important factors in the transmission of social inequality from one generation to the next. The passing on of social standing through the generations can be attributed to many mutually influencing factors. With the exception of the very top of the pyramid of wealth, inheritance does not appear to play a dominant role in this. The literature on the subject considers differences in income - which are coupled with the level of education - to be far more important. Similar character traits in relation to accumulating money and property also play a role, i.e. the expectations of life that are inculcated in an individual by his or her parents.

Future development trends

As life expectancy increases, so does the age of the heirs. In 1980, more than two-thirds of inheritances went to people under 55 years of age; today it is only half. This proportion will drop to a third by 2020.

Distribution amongst heirs with reference to age



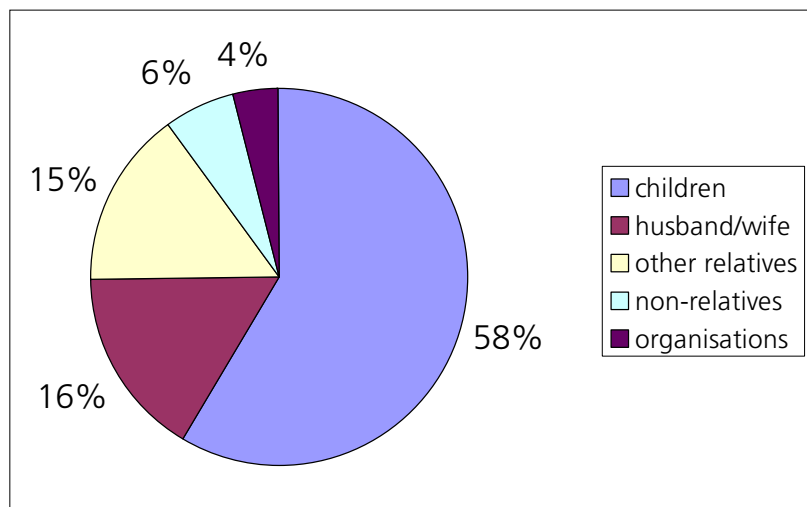
This illustrates the point that inheritances are used less and less often as a means of furthering one’s own career or to finance starting a family. The inheritance process leads instead to the concentration of wealth in the retired generation.

Patterns of bequests

Our sources of data enable us to reconstruct the patterns of bequests and lifetime gifts. Information on whether a will has been made or not makes it possible to assess to what extent the inheritance process has been consciously managed. Overall, only one quarter of dying people make a will. This proportion is higher when there is an inheritance at stake: It’s only 15% for those without any estate compared to over 50% of millionaires. This is also true if one takes increasing age; the proportion increases too but to only barely over half. We do not know, for the remainder of people leaving an inheritance, whether there is a conscious decision to respect the line of succession or whether they simply do not mind what happens to their estate. The fact that there is a substantially higher proportion of people making a will in non-traditional family set-ups suggests that many people in traditional family circumstances deliberately choose not to diverge from the legal line of succession.

The dominant role of the family becomes clear when one analyses the distribution of inheritances with reference to the degree of relationship to the deceased. Almost 60% of the sum total of bequests goes to the children. If one includes the spouse, three-quarters of total inheritance remains within the close family. Of the remainder, most goes to relatives. Only 10% goes to non-relatives or to charities, but this last 3.9% still represents 1.1 billion Swiss francs per year in absolute terms.

Division of inheritance by category of heirs, Canton Zurich 1997-1999



Even people without their own children leave their inheritance within the family. Leaving an inheritance therefore appears to represent a way of taking one’s place in the succession of generations. Yet, inter-generational relationships exist predominantly within the family. The fact that people concentrate on the family when dividing up the estate is also evident from the fact that the size of one’s share depends on how closely one is related to the deceased. They are highest for the surviving spouse, then diminish with decreasing degrees of kinship. The amount each child receives depends on the size of the family.

The predominant convention in inheritance between children is that of *equal division*. In 93 percent of *cases of bequests* involving several children, the dividing up happens more or less equally. If there is *inequality*, this is often due to earlier gifts that are then not (fully) compensated during the inheritance proc-

ess. This is often intentional: in 41 percent of cases, later equalisation of *lifetime gifts* is explicitly excluded by the giver.

Motives and ambiguities

What are the guiding attitudes regarding matters of inheritance in Switzerland today? Our survey allowed people to give their opinion on various statements about inheritance. We assumed that ambiguities would make it difficult for people to adopt a clear and consistent position, and the results generally confirmed this.

Many people decline to make a clear choice between *hedonism* and *bequeathing, making provisions for one's own future* and *giving away* and come out in favour of both. Studies abroad have revealed this same ambiguity. Our interpretation, which agrees with the results of these studies, is that leaving an inheritance or making a gift is not a primary reason for people saving, but might be a secondary one. *There is no moral obligation to make a bequest or a gift, although this is considered desirable.* The right of elderly people to decide for themselves is of primary importance. No one has an automatic right to inherit or receive a gift.

It is also apparent that the possibility that they may one day require care holds many elderly people back from passing on an inheritance to the younger generation at an early stage. However, on the contrary, many, mainly younger people approve of passing on an inheritance early for the same eventuality, fearing that it will otherwise be “whittled away” by the *costs of care*.

A broad majority approves of the statement that *educational investments are more important* than leaving an inheritance. More contradictory opinions are expressed when it comes to *dividing up the inheritance between children*: an overwhelming majority supports the convention of equal division but many at the same time approve of favouring individual children, whether this be as a reward, because a child is in particular need of the money, because it shares the parent's opinions, has a family or otherwise has a special ability to hold the family property together. Dividing up an inheritance between children is thus seen to be a classic case for dualities: people support the principle of equal division and yet many things speak in favour of following a different logic.

When dividing up an estate, the motive with the strongest approval rating (92 percent) is the wish to avoid *disputes amongst the heirs*. The fear of disputes is greater than their actual occurrence. Only 12.5 percent of heirs have actually experienced disputes and 8 percent considered the division to have been unfair. The potential for conflict generally increases with the size of the estate. There is also more likelihood of there being a dispute about an estate in cases where real estate is involved. People with a low level of education more often give reports of conflicts. This may simply reflect greater honesty or else the fact that inheritances carry greater importance for people who are less well off.

However, the great majority of people see no dilemma between the individual's desire to bequeath something and society's assessment that inheritance creates injustice. 85 percent of the population deny that there is a problem of injustice. *Inheritance is thus seen as a private affair and not as undeserved wealth.*

One conclusion to emerge from our analysis of the opinions people hold on the subject of inheritance is that *there is no single all-embracing motive for leaving an inheritance*. The hypothesis that leaving an inheritance is a purely accidental matter is a generalisation that is not supported by our data. It is most true of people who die leaving nothing. Purely altruistic behaviour is just as unusual. Contradictory motives often coexist. We were not able to include the motives of the super-rich for leaving an inheritance in our analysis. For the vast number of average heirs a retrospective attitude towards leaving an inheritance

seems to be the norm: if one is unable to bequeath to the next generation as much as one inherited oneself, then it means that one has taken a step backwards socially. This explains why there is an increased inhibition about using up one's inheritance. Such mechanisms are important in macro-economic terms since they influence people's attitudes towards investing.

For many of the areas of ambiguity that we were able to demarcate through presenting opposing statements, a majority of the respondents approved of several contradictory positions at the same time. This is particularly in evidence when it comes to *dividing up the inheritance between children*: an overwhelming majority supports the convention of equal division but many at the same time approve of favouring individual children. Here the process of decision-making displays the ambivalences that Kurt Lüscher described as characteristic of the relations between the generations.

It is therefore typical that respondents do not decide on one option but rather, as people's actual behaviour would suggest, let *the legal rulings come into force*. This corresponds well to the description we found in the literature about what do we do when we do not know what would be the best thing to do: we follow tradition, custom and routine, and look for norms and institutions to guide us in our cost-benefit-reflections. In the case of the distribution of an estate between the children, it seems to require very strong convictions and arguments to break with the convention of equal division.

Nevertheless, *opinions also depend on people's socio-economic position*. The greatest differences exist between people with different levels of education and professional status, both of which are indicators of socio-economic status. Even people with the same standard of living can have different attitudes depending on whether they are self-employed or in employment.

Synthesis

In the final chapter, we summarise the main conclusions we have drawn from the various pieces of empirical work and condense them into the following statements:

Size and importance of the phenomenon of inheritance:

- *Inheriting has never been so widespread.* Two-thirds of the Swiss population have already inherited or are expecting to inherit. Their certitude to inherit influences their economic behaviour in advance.
- *Swiss households inherit a greater amount than they save themselves.* Our conservative estimate values inheritance in Switzerland at around 28.5 billion Swiss francs for the year 2000 –the gross household savings come to 22 billion francs. The total sum of inheritances, by its sheer size, also has an important macroeconomic impact.
- *Inheritances are left more often and are greater in size in Switzerland than in the surrounding countries.* However, the assets of private households are not that much larger. One important explanation for this is the high concentration of wealth in the retired generation.
- *The „tide“ in inheritance is less marked in Switzerland.* Property remained more or less intact during the Second World War and this has meant that inheritance patterns have had more continuity than in surrounding countries.
- *At least a quarter of the total value of inheritance is passed on in the form of lifetime gifts.* Lifetime gifts are especially prevalent when the purchase of real estate and the handing down of family-owned companies is involved.

Inheritance and social inequality:

■ *At least one-third of the population does not enjoy any inheritance; the top 10 percent receive three-quarters of the total sum of inheritances.*

■ *To everyone who has, will be given more.* Inheritances lead to a certain balancing out within the family and between the generations. However, seen at the social level, they are distributed according to the principle of St Matthew.

■ *The gap between the French-speaking and the German-speaking part of Switzerland exists even in matters of inheritance.* An individual's chances of inheriting are only half as great in the French-speaking part as they are in German-speaking Switzerland.

■ *There are still differences between the sexes.* The sums left by men are one fifth larger than those left by women, in part because men die more often while still married whereas women are more likely to die as widows. But the differences between the sexes remain, even when age and civilian status are identical. The equality of the sexes is greater on the side of the heirs and receivers of gifts; in particular, sons are not generally favoured over daughters.

■ *Whether inheritance contributes to greater social inequality also depends on the chosen perspective.* An inheritance is of relatively greater importance for less affluent households than for those that are already well off.

■ *Other factors play a more important role in cementing social inequality in the following generation.* With the exception of the very top of the pyramid of wealth, material inheritance is not the most influential factor determining the social standing of the children.

Inheritance from a generational perspective:

■ *Longer life expectation has altered the meaning of inheritance in a person's life course.* Nowadays, less than a half of the total amount bequeathed goes to heirs younger than 55 years of age and, in 2020, this will drop to just over one third.

■ *The inheritance process is leading to a concentration of wealth amongst the retired generation.* The reason for this is the progressively increasing share of the older generation in the total sum of inheritance.

■ *The handing over of family companies does not generally form part of an inheritance.* But lifetime gifts happen nine times more often in cases of succession planning in family companies than amongst the general population.

■ *It remains exceptional to leave one's inheritance to the generation of the grandchildren.* Only 3 percent of the total sum of inheritance goes to grandchildren. This is no compensation for the effect of aging on inheritance.

■ *Leaving an inheritance is one form of intergenerational transfer amongst many.* The generations are bound together through numerous exchanges of both a private and a social nature. In the social transfer system more is transferred to the elderly, in the private sphere the opposite is true: the older generation gives more to the younger one than it receives in return. The literature shows that the better the provision for old age provided through the welfare state, the more the older generation transfers to the younger.

Inheritance in the context of the family:

■ *Inheritance is kept in the family.* Three-quarters of the total value of inheritance remains within the closest nuclear family. Of the remainder, the majority also goes to relatives. Only 10 percent is bequeathed to non-relatives or organisations.

■ *Even those without children stick to relatives when they make bequests.* Leaving an inheritance appears to be a way of taking one's place in the line of generations.

■ *The convention of equal division amongst all the children is respected in questions of inheritance, but this is not the case for lifetime gifts.* The convention of equal division is respected in 93 percent of inheritance cases where several children are involved. However, in 41 percent of cases later equalisation of lifetime gifts is explicitly excluded by the giver.

■ *The rules of the law of inheritance are in conflict with new forms of family life.* Non-traditional family constellations often lead to conflict with the law of inheritance. The lack of rights afforded by inheritance law to unmarried partners and stepchildren is not in phase with the general feeling amongst the population about what is fair.

Motives and attitudes:

■ *Even amongst the well off, 50 percent of people do not make a will.* The proportion amongst those without an estate to bequeath is 15 percent. The remainder make a conscious decision to let the legal line of succession run its course or simply do not mind what happens to their estate.

■ *There is no moral obligation to pass on an inheritance or a gift, although this is judged to be desirable.* Leaving an inheritance and giving a lifetime gift are not primary motives for people saving, but perhaps secondary ones. The possibility that they may one day require care prevents many elderly people from passing on their estate to their children at an early date.

■ *Inheritance is looked upon as a private matter and is not seen as undeserved wealth.* 85 percent of the population sees no injustice problem.

■ *There is no single, all-embracing motive for leaving an inheritance.* The hypothesis that inheritance is a purely accidental matter is most true of people who die leaving no estate. We were not able to research the motives of the super-rich. But it does appear that the vast number of average heirs implicitly have a retrospective attitude towards leaving an inheritance.

■ *Contradictory statements point to ambivalences.* In our survey, a majority of the respondents showed simultaneous approval for positions that contradict each other.

■ *However, people's opinions vary depending on their socio-economic status.*

■ *The fear of disputes is greater than their actual occurrence.* Avoiding disputes between the heirs is the strongest motive when dividing up the inheritance. Only 12.5 percent of heirs have actually experienced a dispute.

Need for reform and reform discussion:

■ *Inheritance taxes do not meet with great enthusiasm nor do the differences between the cantons.* Only a quarter of the Swiss population considers it right that taxes have to be paid on inheritances. When asked to comment on concrete figures and degrees of relationship, a majority of people would set the threshold for paying inheritance tax at 60 000 Swiss francs left by a friend and 1 million Swiss francs left

by an uncle. Therefore the scope for increasing inheritance tax appears to be limited. On the other hand, there are better prospects of coming to a uniform federal solution; most people take exception to the great differences between the cantons.

It needs to be tested within the framework of the theory on optimal taxation whether inheritance tax makes economic sense beyond the political argument for more equal redistribution of wealth. A study by the International Monetary Fund suggests, for example, that inheritance taxes should partially replace income taxes in situations where there is a high proportion of the general population that is retired in order to reduce the burden on the economically active.

■ *The legal discrimination in inheritance matters against unmarried partners and non-biological children is not in phase with the opinions and experiences of the population.* One radical inheritance law approach to solving this is to bring in testamentary freedom. This abolishes compulsory bequests and leaves it completely up to the individual to decide to whom he/she wishes to bequeath his/her estate. Even those who do not wish to go quite so far can certainly question the current Swiss law on legal share: is it, for example, still in keeping with the times that parents figure amongst the compulsory heirs?

Conclusions and outlook:

Overall, the research project was able to address the questions that were initially formulated. The research methodology we adopted, by combining economic and sociological approaches and by consistently contextualising inheritance practices within the web of family and intergenerational relations, revealed itself as key to an understanding of the empirical circumstances we found. Our results fit well into the basic patterns of studies made in various countries:

- Just as in other countries, lifetime gifts constitute a non-negligible part of intergenerational transfers of wealth in Switzerland, representing at least a quarter of the total value of inheritances.
- There is also confirmation that the largest share of lifetime gifts and inheritances, that are passed down the generations are made by parents to their children.
- Inheritances are also generally divided up equally between the children.
- With the help of precise inheritance tax data, we have however been able to detect differences between the sexes that did not show up in survey-based studies for other countries.

There is one aspect in which Switzerland seems to be ahead in time of most countries where studies on inheritance have been made: the concentration of wealth in the retired generation is much more advanced in Switzerland due to the fact that inheritance matters have been able to continue uninterrupted and undisturbed by war. It would be a challenge for new research to investigate what this means for macro-economic dynamics and for the social structure of society.