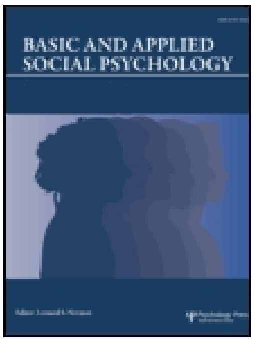

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Money Imbued With Essence: How We Preserve, Invest, and Spend Inherited Money

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The unique nature of inherited money is reflected in financial decisions concerning such bequests. A legacy originates in somber circumstances and bears the distinctive characteristics of the deceased. In four experiments and a survey among inheritors we found that people tended to preserve the inheritance; participants were reluctant to spend the legacy on hedonic goods or risk it by investing in the stock market. Inheritors with a close relationship with the deceased were more likely to seek uses congenial to the personality and the values of the departed. The results are discussed in terms of magical thinking and coping with bereavement.

The Roman emperor Vespasian is said to have responded to criticism of the introduction of public lavatories tax, saying that "Money has no smell" (Suetonius, trans. 1957). This observation illustrates the view that the origins of money do not matter. Money is fungible: One unit of currency is equal in value to any other of the same denomination; units of currency are completely interchangeable. However, although this observation is correct in a strict economic sense, psychologically not all money is the same. An article posted on the popular Israeli news site Ynet (Senyor, 2009) tells the story of a person who, after inheriting a sum of money from a relative, headed straight for the local brothel to celebrate the occasion with a prostitute. While he was "celebrating," the bag containing the inheritance money was stolen. An interesting aspect of this article is the extreme shock that many of the readers of the story expressed in their comments on the website: "It serves him right—how dare he use his grandmother's legacy in such a despicable fashion." Apparently many readers felt that the inherited money should be treated with greater deference. The goal of the current research is to examine the ways in which cognitive, emotional, and interpersonal factors combine to affect the way people maintain and use inherited money.

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MENTAL ACCOUNTING

According to the theory of mental accounting (Thaler, 1999), people assign available monetary resources to different psychological accounts. The way a particular mental account is labeled or tagged affects the way it is treated and the goals that people find most appropriate for its use (Heath & Soll, 1996; Henderson & Peterson, 1992; Kahneman & Tversky, 1984; Thaler, 1985, 1990). Once the money is "tagged," people are reluctant to shift it into another category, and the tagging affects people's perceptions concerning appropriate uses for the funds. One factor that affects the process through which resources are assigned and tagged is the origin of the funds. People treat differently regular resources, such as income, compared to their treatment of unexpected "windfall" lottery prizes, unexpected refunds, or bonuses. In general, people are more willing to risk such "windfalls," or spend them on indulgent luxury items and hedonic pursuits (Arkes et al., 1994; O'Curry & Strahilevitz, 2001; Thaler & Shefrin, 1981).

EMOTIONAL ACCOUNTING

Although in the mental accounting literature inheritance is often cited as an example of a "windfall gain," recent theorizing and research suggests that the unhappy origins of this resource set it apart from other kinds of windfalls. According to Levav and McGraw's (2009) emotional accounting theory, money is not only tagged by its source and intended use but also can be categorized by its emotional association. Thus, money that was received as an insurance settlement or as the result of an unsavory transaction would carry a negative emotional tag. Because of the negative association attached to such funds, people are reluctant to spend this money on frivolous or hedonic purchases. Such pursuits, the authors argue, are likely to intensify the negative emotions associated with the funds. In addition, when negative funds are used, they are first "cleansed" of negative connotations by virtuous spending such as charitable donations.

MONEY IMBUED WITH ESSENCE

Inherited funds are likely to carry a negative emotional tag. However, unlike other negatively tagged funds, a legacy has a unique characteristic that we believe sets it apart from other negatively tagged resources. An inheritance has a unique connection with a person, often a beloved family member, whose sad loss brought about the gift. This characteristic of inherited money brings it into the domain of social psychology, and in our view warrants particular attention. We propose that the personality of the departed is "stamped" on the legacy and that this association, together with the quality of the relationship we had with the departed, affects the way the inheritance is used.

How does money acquire personality? According to the laws of sympathetic magic, and more specifically the law of contagion, entities that were once in contact "rub off" or "infect" one another (Rozin & Nemeroff, 1990). Although contagion could be positive (as in family heirloom, or celebrity memorabilia), the effect is more powerful for objects that acquired negative connotations. For example, people were found to be generally reluctant to use a piece of silverware or wear a garment that was used by an AIDS patient, even if they know that this item was hardly used by the former owner and was thoroughly sterilized (Nemeroff & Rozin, 1994; Rozin & Nemeroff, 2002). Qualities belonging to the person who is the source of the "essence" are transferred to the inanimate object through physical contact and ownership. In the case of inheritance, contagion would result in a monetary resource that is stamped with the characteristics of the source. Given that the legacy carries the essence of the person who had left it, the relationship between the inheritor and the deceased is likely to affect decisions concerning the way the legacy is maintained and used. The role of the relationships with the departed is further discussed in terms of Heider's (1958) balance theory, in the upcoming Appropriate Spending section.

The goal of the current research was to explore how people treat money that retains aspects of the gravity of the event and the personality of the previous owner. We focused on two motives—preserving the legacy, and identifying appropriate uses for inheritance money—and examined how the personality of the departed and the relationships that existed between the departed and the recipient of the inheritance affected these tendencies.

MONEY WITH PERSONALITY: THE CASE OF INHERITANCE

Starting with the death of a beloved relative, one important aspect of inherited money is that it represents the person who is gone. People preserve the memory of their loved ones in different ways: They erect memorials, hold religious and secular services, open memorial websites, visit cemeteries, and hang on to personal possessions of the deceased (Schwab, 2004; Unruh, 1983).

Preservation

Because the inheritance is closely associated with the departed, one important motivation with regard to such funds would be to *preserve* them. By preserving the legacy, people may be trying to hold on to the memory of the departed. Thus, compared to other sources of money, we would expect to observe a *reluctance to spend* those special inherited funds. Money that is not spent immediately is usually kept in a bank. Preservation tendencies are also expected to be reflected in the manner in which the money is invested. In an attempt to protect the inheritance people are likely to *shy away from higher risk investments* and prefer safer financial vehicles. These two preservation-related hypotheses were investigated in Experiments 1 and 2.

Appropriate Spending

When inherited funds are spent, there may also be a concern for their *appropriate use*. In keeping with the "serious" nature of these funds, and consistent with the findings of Levav and McGraw (2009), we expect that people will be reluctant to spend inherited money on frivolous or hedonic pursuits. However, because the inheritance is imbued with the personality of the giver, "appropriate use" may also be defined as a use of which the deceased would have approved. According to Heider's (1958) balance theory, when two people have a positive relation between them, the triad is balanced if both feel the same way about a relevant entity. If we extend the theory to include positive emotions toward the deceased, a sense of psychological balance will be maintained by spending that is consistent with the deceased worldview.

Thus the values and the *personality* of the donor are likely to play an important role in the spending decisions of inheritors. However, this extension of balance theory also suggests that the *nature of the prior relationship* with the donor should also be considered. We have been using the case of a beloved, respected, or cherished donor when developing hypotheses about how inherited funds would be used, but there are certainly other kinds of relationships to consider. To the extent that the deceased was not well known or particularly close, balance considerations become irrelevant, and we might expect to see a moderation of the effects described thus far. And in cases where the relationship was acrimonious, inherited funds may be special in an entirely different fashion. According to balance theory, when a tirade includes a negative relation between two actors, balance is achieved if the actors have opposing relations to an associated entity. Thus, rather than respecting the wishes of the dead, given a negative relationship with the departed we should expect to see a tendency to disrespect those wishes. We explored the role of the relationship between donor and inheritor in Experiments 2, 3, and 4.

EXPERIMENT 1

The goal of Experiment 1 was to test for preservation and appropriate spending. Participants were presented with a scenario in which they had access to several sources of money, including an inheritance from a beloved grandmother, and were asked to choose from which funds to withdraw money either to pay for educational expenses (a relatively serious, responsible purchase) or for spending a weekend at a resort (an hedonic pursuit).

Method

Sixty-six 1st-year psychology students at IDC Herzliya (53 female, 13 male;[1] average age 23.82; $SD = 2.74$) were asked to imagine that they needed to obtain the sum of ILS 1500. In one condition, the money was needed to pay for textbooks for the new school year. In the other condition, the money was needed to pay for a hedonic pursuit: spending a weekend in a resort. The students were told that they had three accounts on which they could draw: money they earned from a summer job, money they received as a gift from their parents on their birthday, and money that was left to them by a beloved grandmother who had recently passed away peacefully. The "control accounts" (i.e., gift and summer job earnings) were chosen in consultation with our 3rd-year research assistants,and based on their knowledge of the types of financial resources that are likely to be available to 1st-year undergraduates. Each of these accounts held an identical sum of ILS 900, and the students were asked to indicate how much money they would withdraw from each account in order to reach the required sum of ILS 1500.

Results

A 2×3 mixed analysis of variance (ANOVA) with the type of purchase (textbooks vs. resort) as a between variable, and the type of account (earning, gift, inheritance) as a repeated measure revealed a significant main effect for the type of account, $F(2, 128) = 18.25$, $p < .001$, $\eta_p^2 = .22$ (see Figure 1). Participants were least likely to draw from the inheritance account, with more than half of the participants taking *no funds at all* from this account. There was no main effect for type of purchase, $F(1, 64) = 0.88$, $p = .35$. However, there was a significant interaction between type of purchase and type of account, $F(2, 128) = 3.68$, $p = .02$, $\eta_p^2 = .05$.

To further explore the interaction, simple effects tests were conducted. These tests revealed that the type of purchase had no effect on the amounts withdrawn from earnings, $F(1, 64) = 0.7$, $p = .4$. Money received as a gift was more likely to be used on a resort than on textbooks ($M = 657$, $SD = 235$ vs. $M = 519$, $SD = 282$), $F(1, 64) = 4.67$, $p = .03$, $\eta_p^2 = .07$, and, as expected, the inheritance was almost twice more likely to be spent on textbooks than on leisure ($M = 377$, $SD = 384$ vs. $M = 187$, $SD = 274$), $F(1, 64) = 5.44$, $p = .023$, $\eta_p^2 = .08$.

Discussion

We hypothesized that one characteristic of an inheritance as special money is the desire to preserve it. One way to preserve funds is to avoid using them. In

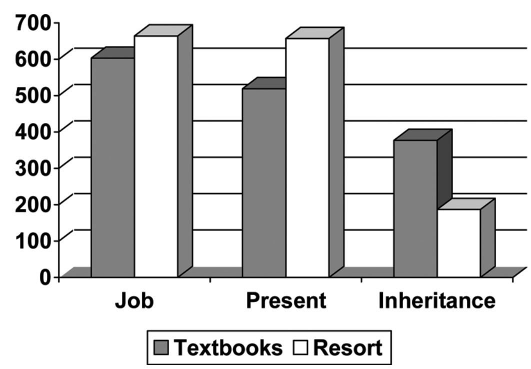

FIGURE 1 Experiment 1: Mean sums taken from each account in the textbooks and resort conditions.

[1]In Experiments 1, 2, and 3, we were unable to test for gender effects because of the relative scarcity of male participants, which reflects the distribution among 1st-year psychology students at IDC. In Experiment 4, a the more balanced distribution of Colby College 1st-year students allowed this analysis; however, no significant effects of participants gender were found.

Experiment 1, people were indeed least likely to use these legacy funds compared to other financial resources at their disposal. Moreover, more than half of the participants took no money at all from the inheritance. We also predicted that when inheritance funds are used, they would be more likely to be spent on appropriate or serious things rather than on frivolous pursuits. In Experiment 1, within their general reluctance to spend at all, participants were more willing to spend inheritance money on textbooks than on a weekend vacation. These results are consistent with previous findings reported by Levav and McGraw (2009, Experiment 3) in which the authors demonstrated that participants were more likely to spend inheritance money on educational costs than on a trip. However, in Levav and McGraw's experiment, participants were presented with a single source of funds which they were asked to allocate between the two alternatives. We believe that the inclusion of three sources of funds in our experiment, allowed for a stronger test, and a more complete demonstration of inheritance preservation.

EXPERIMENT 2

In Experiment 1, the tendency toward preservation of the legacy was reflected in participants' general reluctance to spend the inheritance given other resources at their disposal. Experiment 2 was designed to test a different aspect of preservation. We hypothesized that compared to money originating from other sources, inherited funds are relatively less likely to be invested in risky financial instruments such as the stock market. Investing in the stock market is often risky, and therefore it is inconsistent with the preservation motivation. To test this hypothesis we asked participants to allocate funds into one of four different bank accounts. Because our main hypothesis regarding investment decisions concerned reluctance to risk the funds, we chose accounts that were clearly different in the extent of risk they entail. In addition, the four types of accounts that were used are the most commonly available financial instruments, so that participants had some prior knowledge and understanding of their nature. It is important to note that Experiment 2 also included a comparison inheritance condition in which the deceased relative was not close or personally known to the inheritor, to see if lack of closeness weakened the predicted risk-aversion preservation motive.

Method

Fifty 1st-year psychology students at IDC Herzliya (34 female, 16 male; average age = 24.2; $SD = 4.31$) participated in individual laboratory sessions. Participants were told that they would make decisions regarding the allocation of money received from different sources to one of four accounts. The accounts were described as follows:

Checking: "An account that is used for daily expenditures (e.g., buying groceries, paying bills)."
Savings: "An account that guarantees regular modest interest and maintains the value of your money."
Government Bonds: "A solid investment in government bonds. This type of investment entails a potential for moderate profit with moderate risk."
Stocks: "A high-risk, sometimes very high-risk investment with the potential of high profit."

Each account was identified by a label and a colored square. Participants were told that on each round they would be shown a description of an origin of money on a computer screen. On the next screen the sum received from this source would appear together with four colored squares labeled for each of the accounts. Participants were instructed to decide into which account they wanted to put this sum and to indicate their allocation decision by clicking on one of the four squares. Following this explanation, and a training round, the experiment began.

The experiment included 16 allocation decisions for money originating from eight different sources. Each source appeared twice, with a different sum of money each time. Five of the eight sources always appeared with a sum of either ILS 800 or ILS 10,000, to facilitate comparison. Of these, two were of the most interest to us: "Inheritance from a beloved grandmother who had recently passed away" and "Inheritance from a distant family member whom you have never met." By comparing these two sources it was possible to test the effects of relationships with the departed. Another source of interest was "Money you won in a lottery." Lottery winnings are most commonly used as an example of a windfall. It was thus interesting to compare the way this type of resource was allocated to the allocation of an inheritance. Two more sources were consistent with the alternatives used in Experiment 1: "A graduation present from your parents" and "Earnings from a summer job." In addition, to make the task more interesting to the students, several filler resources were also included: "Prize won in a quiz game," "Money found on the pavement," and "Tax return." These filler resources were coupled with idiosyncratic sums.

Results

Allocation choices (Checking, Saving, Government Bonds, and Stocks) are presented in Table 1. The allocation choices were first analyzed in a log-linear analysis with the five sources and the two sums, as variables. This analysis revealed the expected two-way interaction

TABLE 1
Experiment 2: Frequency of Allocation Decisions According to Source and Type of Account Selected

	Selected Account			
Source	*Stocks*	*Bonds*	*Savings*	*Checking*
Beloved grandmother	0	22	51	27
Unknown relative	15	25	37	23
Lottery	8	20	38	34
Graduation present	4	21	47	28
Summer job	0	15	43	42
Total	27 (5%)	103 (21%)	216 (43%)	154 (31%)

Note. Because each of the 50 participants made two allocation decisions for each source, the rows sum to 100 choices.

between the source and the allocation decision, $\chi^2(12, N = 50) = 53.10$, $p < .001$, which was not qualified by sum of the investment, $\chi^2(12, N = 50) = 7.03$, $p = .86$.

To further explore the willingness to risk inherited funds as a function of relationship with the giver we conducted an additional analysis. First, account allocations were recoded to create a binary measure reflecting risk level. Allocations to "stocks" were coded as "high risk" = 1, and allocations to any other account (checking, savings, or bonds), were coded as "low-risk" = 0. Next, these risk scores where used as a dependent measure in a 2×2 repeated measures ANOVA, with two levels of source (beloved grandmother, distant relative), and two levels of allocated sums (ILS 800 vs. ILS 10,000).

The results revealed that the endowed sum had no significant main effect on the risk level of the allocations, $F(1, 29) = 1.96$, $p = .17$, nor did it interact significantly with the source of the inheritance, $F(1, 49) = 1.96$, $p = .17$. Most important, however, a significant main effect was found for the source of the inheritance. As expected, an inheritance from an unknown distant relative was significantly more likely to be allocated into the high-risk stocks account, compared to an inheritance left by a cherished grandmother ($M = 0.15$, $SD = 0.25$ vs. $M = 0.00$, $SD = 0.00$), $F(1, 49) = 17.64$, $p < .001$.

Discussion

We hypothesized that efforts to preserve an inheritance would reflected not only in avoidance of spending (demonstrated in Experiment 1), but also in avoidance of risk. Compared to other financial instruments an investment in the stock market is generally considered more risky. Thus, we expected that in an attempt to preserve the inheritance, people would prefer safer investments. However, if preservation motives represent an attempt to prolong the presence of the departed in our lives, the degree of preservation care is likely to be influenced by the relationship with the departed. Indeed, whereas inheritors were willing to risk an endowment from an unknown distant relative in the stock market, none were willing to do so when allocating an endowment from a cherished grandmother.

EXPERIMENT 3

We hypothesized that through a process of contagion the legacy is imbued with the essence of the giver, and that given a close relationship with the departed inheritors are likely to consider the personality and the values of the departed in making spending decisions. Experiment 3 was designed to test the effect of *source personality* on willingness to use inheritance money on hedonic as opposed to virtuous goals. We hypothesized that people's willingness to spend inheritance money on hedonic pursuits will increase to the extent that such spending seems appropriate because it is believed to be consistent with the value system and the personality of the departed.

Method

One hundred twenty-three 1st-year psychology students at IDC Herzliya (99 female, 24 male; average age = 22.9; $SD = 2.08$) were asked to imagine that they needed the sum of ILS 500. In one condition, the money was needed to pay for textbooks for the new school year. In the other condition, the money was needed to pay for a rock concert ticket. Again, the students had three accounts that they could use: summer job earnings, birthday gift, and money left to them by a beloved grandmother who had recently passed away peacefully. In the control condition no further description of the grandmother was given. Two other "grandmother personality" conditions included one additional sentence that described the grandmother as either "an educated woman who until her retirement worked as a senior high school teacher" or "a vivacious woman who just two years before her death won the first prize in a golden-age dance competition." We expected that this latter description of a vivacious, dance-loving grandmother would conjure an image of a person who would be sympathetic to spending money on hedonic musical events. Each of the three accounts contained the identical sum of ILS 300, and the students were asked to indicate how much money they would take from each of these accounts in order to reach the required of ILS 500.

Results

The amount of money withdrawn from each account served as a dependent variable in a three-way mixed-design ANOVA with money source (inheritance, gift, earnings) as the within-subject independent variable, and grandmother personality (dancer, teacher, control) and type of purchase (textbooks, concert) as the between-subject independent variables.

The analysis revealed a significant main effect for source, $F(2, 234) = 47.5$, $p < .001$, $\eta_p^2 = .29$. Planned contrasts comparing the amount withdrawn from the inheritance account (–2) with the earning (1) and the gift accounts (1) yielded a significant effect, $F(1, 117) = 85.61$, $p < .001$. Consistent with our findings in Experiment 1, in general the students were relatively reluctant to spend the inheritance money (*Ms*. 209.35 for earning, 204.87 for gift, and 82.52 for inheritance). This main effect for the source of the money was qualified by a significant two-way interaction between the source and the type of purchase, $F(2, 234) = 9.7$, $p < .001$, $\eta_p^2 = .08$, and was further qualified by the expected three-way interaction between money source, type of purchase, and grandmother personality, $F(4, 234) = 2.9$, $p = .02$, $\eta_p^2 = .05$ (see Figure 2).

To explore the effect of the grandmother's personality on spending of the inheritance we conducted a simple effects test that revealed a significant interaction between type of purchase and grandmother personality on the use of the inheritance, $F(2, 117) = 3.65$, $p = .03$, $\eta_p^2 = .06$. A series of planned comparisons revealed no significant difference between the teacher and the control grandmother personality conditions in participants' willingness to spend the inheritance money on books, $F(1, 117) = 0.21$, $p = .64$, or concert tickets, $F(1, 117) = 0.31$, $p = .58$.

However, compared to the teacher and the control conditions combined, a vivacious dancing grandmother significantly increased participants' willingness to purchase concert tickets, $F(1, 117) = 4.11$, $p = .04$, and, with marginal significance, decreased their willingness to spend the money on purchasing textbooks, $F(1, 117) = 3.22$, $p = .07$.

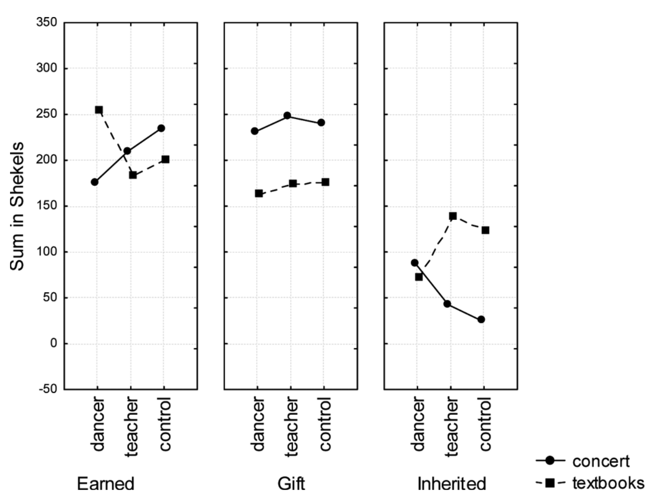

FIGURE 2 Experiment 3: Mean sums allocated from each account as a function of type of purchase and Grandmother Personality.

Discussion

The tendency to preserve inherited money, and the reluctance to use it for hedonic pursuits, was again demonstrated in Experiment 3. However, this experiment also demonstrated that hedonic pursuits may seem more appropriate to the extent that they are perceived to be congenial to the personality of the deceased. A vivacious dance-loving grandmother would probably hold a different view on enjoying a music concert than a respected high school teacher. The value system of the deceased is associated with the legacy, and in making spending choices the recipients seemed to be taking this value system into account.

Although we may all cherish the idea of a vivacious grandmother, the respected high school teacher is probably closer to the stereotype that comes to mind when no further information is given. This is probably why there was no difference between the teacher and the no information "control" conditions. If this is the case, then this stereotypical image may have contributed to the reluctance to spend the beloved grandmother's money on a weekend in a resort in Experiment 1.

Money that is given as a legacy may be stamped with the personality and the value system of the departed. However, the extent to which the recipient may wish to consider this value system in making spending choices is likely to be moderated by the relationship that existed between the parties. One may want to respect the wishes of a "beloved grandmother" but may be less likely to respect the values of a relative one hardly knew, or knew and disliked. The nature of the relationship with the departed may play an important role in the way inheritance funds are used. This hypothesis was examined in Experiment 4.

EXPERIMENT 4

The goal of Experiment 4 was to test the extent to which the relationship with the departed affects legacy spending decisions. The activity for which the money was needed was hedonic (spending a weekend in a resort). The relationship with a deceased aunt who left a legacy was manipulated to create three conditions: close positive relationship, contentious negative relationship, and a control neutral information condition. The reason for using an aunt instead of a grandmother to play the role of the departed in Experiment 4 scenario was because it facilitated the creation of a distant relationship condition, describing her as "one of your aunts you didn't know very well." People often have several aunts and uncles varying in their degree of closeness, but usually no more than two grandmothers. In addition, by using a different familial relationship, we also tested for the generality of our effects beyond the grandmother relationship.

Method

Seventy-one (41 female, 30 male; average age = 18.6; *SD* = 0.88) 1st-year psychology students at Colby College were asked to imagine that they needed the sum of USD 500 in order to spend a weekend in a resort with their friends. They had three accounts with USD 300 in each that they could use: income from a summer job, money they received as a gift from their parents on their birthday, and money they inherited from an aunt. The inheritance circumstances were described differently to create three relationship conditions: "an inheritance from your beloved aunt who was like a second mother to you and had recently passed away peacefully," "an inheritance from one of your aunts you didn't know very well," or "an inheritance from your aunt, whom you never liked and who had caused untold difficulties for you and your family." The students were asked to indicate how much money they would withdraw from each of these accounts in order to reach the required sum of USD 500.

Results

The amount of money withdrawn from each account served as a dependent variable in a two-way mixed-design ANOVA with money source (inheritance, gift, earnings) as the within-subject independent variable, and relationship with the aunt (positive, negative, neutral) as the between-subject independent variable.

The analysis revealed a significant main effect for source, $F(2, 136) = 9.97$, $p < .001$, $\eta_p^2 = .13$. Planned contrasts comparing the amount withdrawn from the inheritance account (–2) with the earning (1) and the gift accounts (1) yielded a significant effect, $F(1, 68) = 11.2$, $p < .001$. Consistent with our findings in Experiments 1 and 3, in general the students were relatively reluctant to spend the inheritance money ($M = 162.32$, $SD = 96.72$ for earning; $M = 207.04$ $SD = 84.32$ for gift; and $M = 126.4$, $SD = 120.78$ for inheritance). This main effect for the source of the money was qualified by a significant two-way interaction between the source and the relationship with the departed, $F(4, 136) = 10.72$, $p < .001$, $\eta_p^2 = .24$ (see Figure 3).

To further explore the effect of the nature of the relationship on spending of the inheritance, we conducted a simple effect analysis. This analysis revealed that the tendency to use the inheritance money for a weekend in a resort was significantly influenced by the relationship with the aunt who left the money, $F(2, 68) = 14.96$, $p < .001$, $\eta_p^2 = .31$. As expected, a Bonferroni post hoc analysis revealed that for their planned weekend in a resort participants were least likely to withdraw from the legacy left to them by a beloved aunt (*M* = USD 41, *SD* = 66.83), and most likely to use the money left by the aunt with whom they had a contentious relationship (*M* = USD 204, *SD* = 120.61), with the neutral, unknown aunt, falling in between (*M* = USD 130, *SD* = 109.59). All differences were significant at $p < .05$.

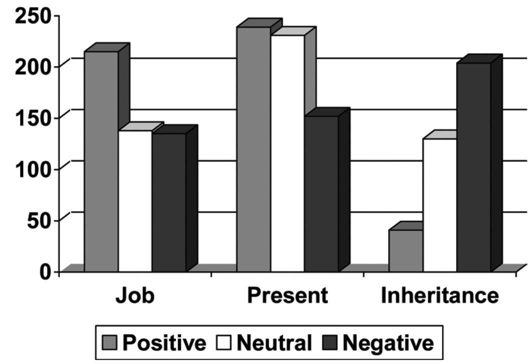

FIGURE 3 Experiment 4: Mean sums allocated from each account as a function of relationship with the departed.

Discussion

Formally, a legacy belongs to the receiver to be used as he or she wishes. Naturally, the departed cannot veto or criticize the inheritor's spending choices. Nevertheless, as demonstrated in Experiment 3, when making spending choices people do consider the personality and values of the person who left them the legacy and try to use it in ways of which the departed would have approved. In a sense, by doing so they are respecting the memory of the beloved person who passed away. However, the extent to which one may wish to respect the memory of the deceased is dependent on the kind of relationship they had shared. We may wish to respect the memory of a beloved aunt but not the memory of a contentious one. Indeed Experiment 4 demonstrated that the reluctance to spend inheritance money on hedonic pursuits is reserved for an inheritance from a cherished source, and completely disappears given an unfavorable relationship with the departed.

SURVEY

The participants in the four experiments reported were college students. To enhance the external validity of our findings we conducted a survey among actual inheritors.

Method

Survey participants. Eighty-nine respondents (44 male, 45 female; average age = 56, age range = 40–78), with varied family status (11 unmarried, 66 married, 10 divorced/separated, two widowed) and varied educational background (29 high school diploma, 56 college undergraduate degree, four advanced degrees [M.A.]

college graduates), were recruited through a commercial listing of more than 130,000 Israeli survey panelists. The invitation called for people who had inherited money to complete a short survey for a fee. Most of the respondents inherited from their parents (54%) or close relatives (40%). A few inherited from a distant relative (5%), and only one, inherited from a friend.

Results

Relationships with the benefactor. Results from Experiments 1 to 3 suggest that given a close relationship with the benefactor people are more likely to consider the benefactor's values in deciding how to use the inheritance. To further explore this finding, the survey included the following three items: (a) "How would you describe your relationship with the benefactor?" (5-point scale: 1 [*very warm and close*] to 5 [*very cold and distant*]); (b) "How important was it to you to use the legacy in a way which was consistent with the benefactor's values or wishes?" (5-point scale: 1 [*very important*] to 5 [*not important at all*]); (c) "When you thought about possible uses for the legacy did you ask yourself how the benefactor would have felt regarding these options?" (*yes*, *no*).

Consistent with our hypothesis, we found that given a close relationship with the deceased participants were more concerned with spending the legacy in a way that was consistent with the benefactor's values ($r = .36$, $p = .01$). In addition, those indicating that they did consider the benefactor's feelings had on average a closer relationship with the benefactor ($M = 1.32$, $SD = 0.62$) than those who did not ($M = 1.71$, $SD = 0.98$), $F(1, 87) = 4.78$, $p = .03$.

Investing the money. Of the 89 respondents, 64 (71%) indicated that they kept the money in the bank. Consistent with our findings in Experiment 2, of the 64 participants who reported keeping the inheritance in the bank, 61 (95.3%) reported investing the money in relatively low-risk accounts (checking, savings, and bonds) and only three respondents (4.39%) reported investing in stocks.

Spending the inheritance. One aspect of the unique nature of inherited money is preservation. Indeed, in our survey only 33 (37%) respondents reported spending their inheritance money immediately, 29 (32.6%) used it after a delay (average reported delay was 3.5 years), and 27 (30.3%) reported never having spent the money.

Respondents who had spent the legacy were asked to indicate what they used the money for (note that participants could indicate more than one use). Many used the money to purchase relatively expensive long-lasting goods such as a house or apartment (25 responses), or a car, computer, or electronic equipment (18 responses). Some used it for sustenance, making payments, and debts coverage (18 responses), and relatively few indicated that they used at least some of the legacy to pay for a vacation or entertainment (10 responses).

Respondents who had spent the inheritance were asked if they thought that the benefactor would have approved of their use of the legacy (5-point scale: 1 [*completely*] to 5 [*not at all*]). Although it is difficult to interpret these approval ratings (as often participants indicated more than one use), it is interesting to note that those who used at least some of the money to indulge in hedonic spending on entertainment or to take a vacation, indicated significantly lower benefactor's approval ratings ($M = 2.20$, $SD = 0.63$), than those who did not ($M = 1.50$, $SD = 0.67$), $F(1, 60) = 9.27$, $p = .003$. The opposite approval pattern was obtained when the money was used at least in part to purchase "serious" long-lasting goods (*Ms.* 1.46, $SD = 0.64$ vs. 1.87, $SD = 0.76$), $F(1, 60) = 5.11$, $p = 03$.

Discussion

Unlike the students who participated in the experiments, the survey respondents were heterogeneous in education, income, and life experience. Nevertheless, the survey results were consistent with our experimental findings on several important issues: inheritance-preservation, risk-avoidance, and the role of the relationships with the departed in considering their values in making spending decisions. Although the survey data are correlational, its consistency with our experimental findings contributes and expand the external validity of our findings.

GENERAL DISCUSSION

When considering an appropriate gift on a happy occasion such as a wedding, birthday party, or graduation, relatives and friends may prefer to give cash rather than buy a present. Often this choice is motivated by wishing to enable recipients to use the gift as they see fit in a way which best serves their needs. Once gifted, we assume that the money is largely free of constraints based on its history, origin, or the nature of its former holders. An inheritance, in contrast, is the result of an exceptional event. It is a one-time gift that often comes laden with emotions and memories; it commemorates a somber event, and most important, it is strongly associated with the benefactor.

By preserving the legacy, people may be trying to hold on to the memory of the departed and thus symbolically prolong the presence of this person in their lives. Indeed in our studies, given other sources of income, people were relatively reluctant to spend the inheritance. This reluctance may also reflect the difficulties inherent in determining an appropriate purpose for the inheritance. Whereas in general people shy away from spending the inheritance on frivolous hedonic pursuits, we found that they also consider the personality of the departed, and hedonic spending may increase to the extent that it is judged harmonious with their values and lifestyle.

We used the terms "money imbued with essence" and "money with personality" to emphasize that inherited funds are not only stamped with a negative emotional tag by their association with sad circumstances. Rather, they carry the "essence" of the departed person's qualities, values, and lifestyle and bear the mark of the social relationship that existed between the parties. These personal and social aspects affect the extent to which people want to preserve the inheritance and with it, symbolically, preserve the memory of the deceased and respect their values.

We might also expect that special money remains special and retains its personality only for as long as we remember its history and expend the attention and energy needed to preserve its special character. In the case of inheritance, the money will receive a special treatment for as long as it maintains a strong association with the benefactor and the circumstances of the endowment. In time, we may learn to accept the departure of loved ones; we overcome the sadness of the event of their passing, and with this natural progression, the connotation of the endowment and its association with its owner may fade and become weaker or disappear altogether. The adjustment to loss and preservation fatigue should mean that inheritance money loses its personality over time and the effects of the personality of the deceased on the choice of "appropriate" outlets are likely to become weaker. We believe that "expiry-date" is an important factor in the use of legacies and hope to address it in future research.

In the article entitled "How to Make the Most of Your Inheritance" published in the online edition of *Forbes* (Ebeling, 2011) Myra Salzer, a financial planner, is quoted saying that

> its fine to do what your folks would have wanted—as long as that's what you want too, and it makes economic sense. Those stuck on doing what they think their father or Aunt Sue wanted, and keeping their inheritance invested the way their benefactors invested it, need a reality check.

Whereas from an economic perspective this advice makes perfect sense, psychologically people may find it difficult to accept. We hope that our research will alert bankers and financial advisers to the fact that inheritors' preferences are influenced by bereavement processes and that this insight will assist them in helping people make the transition through which "money with personality" would eventually evolve into "money."

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