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Article

Developing best practices of Islamic estate planning: A construction based on the perspectives of individuals and estate planning providers

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Developing best practices of Islamic estate planning: a construction based on the perspectives of individuals and estate planning providers

Islamic estate
planning

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Abstract

Purpose – This paper aims to develop the best practices of Islamic estate planning for Muslims. Islamic estate planning is a fixed proposal for the management and outlook of an individual's assets throughout their life and upon their passing, created by means of existing Islamic estate planning tools, for instance, *farā'id* (inheritance), *waṣīyyah* (will), *hibah* (gift) and waqf (endowment).

Design/methodology/approach – The paper used an interview method to obtain information on the best practices of Islamic estate planning. Semi-structured interviews were conducted with the respondents and estate planning providers in the northern region of Peninsular Malaysia. The data gathered was analysed using thematic analysis which involved five phases to construct the best practices of Islamic estate planning.

Findings – The paper identifies important elements in Islamic estate planning. The elements were outlined as the crucial things that Muslims should do to plan for intergenerational transfer and earning a good share in the hereafter.

Research limitations/implications – The first limitation of the paper is that the best practices were developed based on a qualitative method. There is no evidence of its validity, which is a gap that can be explored in the future. Second, it involves the perceptions of two types of respondents (individuals and Islamic estate planning providers), which may be broadened to other related stakeholders such as regulators, in future studies.

Originality/value – This paper presents a framework of best practices of Islamic estate planning, it being one of the first studies to do so, which is not only useful and relevant for Malaysian Muslims but also for Muslims in other countries.

Keywords Best practice, Intergenerational transfer, Islamic estate planning, Malaysia, Semi-structured interview

Paper type Research paper

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Introduction

Wealth in Islam is considered a resource in the effort to gain *falah* (success) for well-being in this life and in the hereafter. Comprehensive financial planning involves multiple crucial aspects such as the creation, accumulation, protection and distribution of wealth. Islamic estate planning is one of the important matters discussed in the Qur'ān and *ḥadīth* (sayings of the Prophet (SAW)). Regulations are drawn for estate planning which is intended to safeguard the interest of heirs against fund mismanagement and abuse. Evidence of the significance of estate planning can be found in Sūrah Yusuf, Verse 47–49. The Qur'ān (12:47) states: “You will plant for seven years consecutively; and what you harvest leave in its spikes, except a little from which you will eat”. The verse shows that Islam advises its followers to plan for the sustenance that God has given for the sake of well-being in this world and as a preparation for eternal life in the hereafter. Islamic-based financial advisors are entrusted to draw up a financial plan that is holistic in nature for each customer, covering earthly and afterlife deeds while ensuring the sustainability of businesses and the goodness of the society at large (Basah and Tahir, 2019b).

In Malaysia, people may choose various ways of estate planning. Two options are to either undertake the estate planning exercise individually by preparing the plans themselves and validating them in the presence of a commissioner or through a lawyer; or to plan with the help of private estate planning providers or other relevant industry stakeholders in Islamic financial planning. Examples of institutions providing estate planning services include Islamic and conventional estate planning providers such as Rockwills, My Personal Finance, MyPusaka, As-Salihin Trustee; banks such as Commerce International Merchant Bankers Berhad, Bank Islam Malaysia Berhad; *takāful* institutions; investment companies; other legacy planning institutions such as Islamic Religious Councils or Amanah Raya Berhad (ARB), which is Malaysia's trustee company that is wholly owned by the government (see examples in Noordin *et al.*, 2016; Md. Noh *et al.*, 2019).

There has been increasing awareness of the importance of estate planning in the country; however, studies found that most Malaysians have not yet planned their estates. According to Rockwills International Group, 63% of 521 respondents surveyed in 2018 indicated that they have not outlined a will or set up a trust fund for the purpose of estate planning (Yun, 2018). This example shows that the norm of estate planning is still not widely spread amongst Malaysians.

Equally, Islamic estate planning behaviour amongst Malaysian Muslims remains minimal (Alma'amun, 2010). Abdul Karim (2016) found that 85% of the domestic Muslim populace have not engaged in estate planning. The situation is precariously based on the updated figures released by ARB, indicating that properties worth RM70bn have not been retrieved by pertinent beneficiaries, with 95% of the assets being owned by Muslims (Harian Metro, 2020). Some of the explanations for the unclaimed assets are unawareness amongst beneficiaries, the expense of claiming assets, deficient comprehension of legacy allocation by way of *farā'id* (inheritance), legal constraints and the overall mindset with regard to planning: the belief that advance planning is inessential (Nasrul and Mohd Salim, 2018; Jamalurus *et al.*, 2019).

Hence, this study aims to construct the best practices of Islamic estate planning which can be applied by Malaysian Muslims. The best practices of intergenerational estate management are expected to overcome the problem of frozen wealth amongst Malaysian Muslims and encourage them to be involved actively in investment activities. This is in line with the national agenda in empowering the economy of the Bumiputeras (Unit Peneraju Agenda Bumiputera, 2014).

This paper is structured as follows: the next section provides the literature review on Islamic estate planning; subsequently, the methodology used is discussed, followed by the explanation of findings prior to the conclusion in the final section.

Literature review

Estate planning is part of the general financial planning exercise and it has long been acknowledged as an imperative component of financial planning for many households (Edwards, 1991). Previous literature has highlighted the significance and numerous advantages of estate planning for protecting property, as inefficient estate planning and an unforeseen loss of life can swiftly disengage the most efficacious attempts in developing a family enterprise and lineage (Lee *et al.*, 2003). According to Garber (2019), several reasons require that people create an estate plan such as the protection of beneficiaries, the avoidance of significant waste of time and costly probate court proceedings, the avoidance of a family mess, protection of assets from unforeseen creditors and importantly, for general peace of mind.

Without exclusion, Islamic estate planning is highly crucial in ensuring that the Muslim community is safeguarded. Ab. Aziz (2012) clarified several benefits of Islamic estate planning such as the ability to:

- allocate property estate to recipients expeditiously;
- reduce expenditures;
- alleviate stress on households;
- decrease taxes on assets; and
- offer reassurance to households upon the bereavement.

Ab. Aziz *et al.* (2014) conducted a broad review of literature on Islamic estate planning, which includes authorship patterns, numerous article publications, research output, geographical association and subject area patterns. Studies related to this field have been comparatively scarce despite their importance. Previous literature focussed mainly on factors influencing Muslims to engage in estate planning (Basah and Tahir, 2019b). Alma'amun *et al.* (2016), for instance, studied the motives for inter vivo transfers amongst Malaysian Muslims and found that the exchange motive is more prevalent than altruism amongst the respondents. Moreover, Ahmad Baharul Ulum *et al.* (2017), who studied awareness of unclaimed assets, asserted that these unclaimed assets would deplete the nation as they become counterproductive.

In Malaysia's context, most Malaysian Muslims view estate planning as insignificant, so it is not widely practiced (Boon *et al.*, 2011). Research on countless estate planning instruments such as will and *hibah* (gift), exposed that ignorance and the negligible level of mindfulness are some of the influences contributing to the relative lack of Islamic estate planning (Abd. Wahab *et al.*, 2019; Kamarudin *et al.*, 2019; Kamarudin *et al.*, 2020).

Results from past studies demonstrated that Malaysian Muslims do not regard estate planning in a serious light (Abdul Karim, 2016). Some people's planning is done verbally with the agreement of other relevant participants, but the lack of a formal written agreement may trigger domestic disputes and conflicts. Unfortunately, many Muslims support the notion that estate planning is unnecessary, as assets are subject to the *farā'id* allocation. Such an assumption is perceptibly inaccurate because all properties of the deceased are mandatory to be filed in court for validation under the Probate and Administration Act 1959 (revised 1972). In this scenario, even for a deceased Muslim, all of one's properties shall be suspended until probate is approved even if a *wasīyyah* (will) has been outlined; otherwise, a prolonged procedure for the application of an administration letter shall transpire. In the absence of appropriate planning, properties of the deceased shall remain suspended pending

the appointment of an executor or administrator. Thus, a system is urgently needed to assist Muslims in realising their planning for posterity.

Another issue that has arisen with regard to estate planning is the failure of many Muslims in Malaysia to appoint a *wasī* (executor), who will be responsible to take charge of asset distribution. Recent data from the employee provident fund (EPF) revealed that as of December 2018, only 31% of its members had nominated an executor for their EPF account (Berita Harian, 2019). If the owner of the account has named an executor, problems such as a delay in asset distribution or the possibility of suspended assets may be reduced. This issue confirms the consequence of improper planning amongst Muslims in Malaysia, which creates the problem of undistributed assets.

The cost of undertaking estate planning may also be an issue for Muslims (Mohammad, 2015; Kamarudin *et al.*, 2019). The higher the property values, the higher the fees imposed by the agencies. Hence, Muslims need to view and study the fees set by a given agency objectively and wisely as the fees may be affordable for well-to-do settlers but not for low-income earners (Mohammad, 2015).

The previous literature demonstrated the significance of appropriate estate planning amongst Muslims. Thus, best practices in Islamic estate planning need to be developed to steer Malaysian Muslims (as well as Muslims in other countries) towards estate planning to benefit them and their posterity, not only in this worldly life but also in the hereafter.

Methodology

The nature of this study is investigative in that it explores a new issue based on data collection. Therefore, this study uses a qualitative research method by conducting structured interview sessions and thematic analysis. Several processes are involved in this study to develop the best practices in Islamic estate planning, including sampling design, the development of structured interview questions, the coding process and the theme development process. This study tends to make analytic generalisations whose aim is to develop the best practices of Islamic estate planning based on the selected cases which fit into the general constructs.

The sampling design of this study is based on Onwuegbuzie and Leech (2007), Malterud *et al.* (2015) and Cunningham *et al.* (2016). This study uses the stratified and purposive sampling technique, which the informants stratified into estate planning providers and clients/individual respondents. The participants are stratified by demographics to represent several sub-categories. The sub-categories are based on the exploratory study and the literature review, whereby the diversity of the informants' backgrounds will reflect on the Islamic estate planning decisions. The estate planning providers chosen for the interviews are specialists (Islamic estate planning managers) in their respective organisations with knowledge of the required particulars. They provided the precise details needed for a comprehensive study.

The next process is the structured interviews which were conducted from June to September 2019. The structured questions in this study comprised four key elements related to the informant's background, knowledge, experience and views on Islamic estate planning. The interview sessions were recorded with the informants' permission and lasted between one and one-and-a-half (1–1½) hours for every single informant. The informants were informed earlier about the reason for their selection in this study and the objective of the interview sessions. The informants were also free to ask any questions to the researchers and to share their own experiences, plans and views on Islamic estate planning. These processes followed the suggestions of previous

researchers who discussed and used qualitative methods in their studies, including Braun and Clarke (2006), Vaismoradi *et al.* (2013), Vaismoradi *et al.* (2016) and Nowell *et al.* (2017).

All information gathered and recorded has been transcribed and analysed using thematic analysis. There are five phases of thematic analysis involved in this study:

- (1) Familiarizing with the data collected;
- (2) Generating initial codes;
- (3) Developing themes;
- (4) Reviewing themes; and
- (5) Producing a report.

In this study, the report provided the inputs in developing the best practices in Islamic estate planning.

For validation purposes, the final step of the analysis involved interviews with experts in the field of Islamic estate planning. They were chosen from diverse contexts, including academics and specialists with experience and comprehension and who are highly regarded in the field of Islamic estate planning in Malaysia.

Results and findings

Tables 1 and 2, respectively, show the descriptive statistics of the respondents (individual and specialist respondents). Table 1 indicates that the respondents belong to the age group ranging from 43 to 73 years old. In terms of education level, the respondents range from holders of primary school certificates to PhD degrees. Most are involved in the education sector, as teachers or lecturers. Others are involved in professional sectors as consultants or contractors. Additionally, housewives and pensioners also participated in this study.

Regarding health status, many respondents reported declining medical conditions. As shown in Table 1, only three out of seven respondents are in good health, while others have medical conditions such as diabetes and critical diseases. With regard to the respondents' number of heirs, a minimum of three and a maximum of 11 beneficiaries were reported. All respondents know the types or categories of their heirs such as spouses, children and parents, showing that they are aware of their responsibility towards their heirs.

The respondents also stated several reasons for choosing to engage in estate planning. Eight reasons are categorised below:

- (1) to divide business amongst family members;
- (2) to avoid dispute amongst family members;
- (3) to ensure all family members secure their rights;
- (4) to avoid assets being transferred to ARB;
- (5) to settle debts;
- (6) to ensure that some heirs do not take the portions of others;
- (7) to ensure the properties left can be used by heirs; and
- (8) to ensure that beneficiaries will pray (make *du'a*) for them.

In addition to listing their assets, property owners were also asked to record the details of any debt due. Islam places the responsibility of repaying the deceased's debt as the most

Table 1.
Background of the
respondents

Theme	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Respondent 6	Respondent 7
(1) Background							
• Age	59	73	46	53	43	60	43
• Work status	Contractor	Housewife	Lecturer	Lecturer	Consultant	Retiree	Teacher
• Education level	SPM	Primary school certificate	Master's degree	PhD degree	Bachelor's degree	Technical certificate in Dental Education	Bachelor's degree
• Health status	Diabetes	Coughs a lot	Critical disease (unspecified)	Good	Good	Not in good condition	Good
(2) Number of heirs	3	11	8	5	7	12	6
(3) Experience with estate planning							
• Yes	/	/	/	/	/	/	/
• No							
(4) Instruments							
• <i>Wasayyah</i>	/			/	/	/	/
• <i>Hibah</i>			/				
• Informal	/						
• <i>Mylkatan</i>					/	/	/
(5) Reasons for planning							
• To divide business amongst family members	/						
• To avoid disputes amongst family members	/	/			/	/	
• To ensure that all family members get their rights		/		/			
• To avoid assets being transferred to ARB			/		/		
• To settle debts					/	/	

(continued)

Theme	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Respondent 6	Respondent 7
• To ensure that beneficiaries do not take the property of others							
• To ensure that property can be used by beneficiaries			/				
• To gain peace after passing away			/				
• To prevent one's disrespectful brothers from inheriting the property					/		
• To ensure that beneficiaries pray (make <i>du'a</i>) for one's after life					/		
• Has doubts about one's partner							/
• One's partner shows behavioural changes							/
• Worries about heirs, especially parents and children							/

Table 1.

Table 2.
Background of the
industry respondents

Theme	Industry 1	Industry 2	Industry 3
(1) Background of industry	<ul style="list-style-type: none">• A consultancy firm in legacy planning and inheritance managementThe company's scope of services includes:	<ul style="list-style-type: none">• Established to help Muslims plan their property and manage their inheritance according to Shari'ah rules	<ul style="list-style-type: none">• A trust company incorporated under the Companies Act 1965 and registered under Trust Companies Act 1949. As-Salihiin was established to meet the needs of Muslims to preserve, protect and distribute their assets for the benefit of their loved ones once they depart for the hereafter. As-Salihiin aims to provide a full range of services related to estate planning in a manner based strictly on the Shari'ah
(2) Year of establishment	Providing awareness and understanding on matters related to legacy planning and inheritance management to the general public	<ul style="list-style-type: none">• Location: Kota Damansara	<ul style="list-style-type: none">• Location: Kelana Jaya
	Assisting asset owners to plan their legacy and guard their inheritance	<ul style="list-style-type: none">• Two basic services: planning and administration	<ul style="list-style-type: none">• Services: Will, Pri-Hibah (Declaration of Hibah), Shared Acquisition Asset Agreement, Amanah Hayat, Pri-Ti (Takaful/Insurance Trust), Pri-Emas (Golden Age Trust), Pri-Niaga (Plan for business succession), Pri-Warisan (Estate administration package services)
	Assisting heirs to inheritance distribution of assets in a timely and orderly manner		
	<ul style="list-style-type: none">• Location: Axiata Tower, KL Sentral• 703 – cases received• 435 – cases solved• 4,292 – legacy planning• 2016	<ul style="list-style-type: none">• 2015	<ul style="list-style-type: none">• 2004
		(1) Branch manager	
(continued)			

Theme	Industry 1	Industry 2	Industry 3
(3) Background of interviewee	<ul style="list-style-type: none">• Branch manager• 2 years of experience with the company	<ul style="list-style-type: none">• 39 years old• Bachelor of Accounting (UUM)• Involved with Wasiyyah Shoppe since 2009• 10 years of experience• Vast experience with Wasiyyah Shoppe: Kuala Lumpur branch (2009), Northern branch (2013 until now) <p>(2) Assistant branch manager</p> <ul style="list-style-type: none">• Islamic Studies (<i>ʿarāʾiʿ</i>) (Morocco)• Involved with the company since 2016	<ul style="list-style-type: none">• Branch manager• Bachelor of sciences (housing, building and planning) (USM)• Graduated in 1981• 30 years of previous experience with Maybank• 8 years of experience with the company

Table 2.

important matter for the heir(s) to resolve. The settlement of all debts takes priority over-allocation of the estate. Keeping track of debt details in a systematic and complete manner can help the beneficiaries to manage the repayment of the deceased's debt. In this study, most respondents agreed on the importance of creating a record of debt. However, only some of them have a detailed record of debt; the rest of the respondents either have no written record or have no debt obligation at all.

Table 2 shows the background of the interviewed respondents amongst the Islamic estate planning providers. Representatives of three Islamic estate planning providers, namely, MyPusaka, Wasiyyah Shoppe and As-Salihin Berhad, provided their thoughts on the best practices of Islamic estate planning.

Tables 3 and 4, respectively, show the results of the interviews regarding best practices of Islamic estate planning from the two categories of respondents (individual and Islamic estate planning providers). They show that estate planning requires careful initial preparation. Based on Table 2, all respondents were found to have begun designing their estate planning through formal or informal discussions with the other parties. Formal planning refers to discussions held with law firms or registered estate planning agencies, while informal estate planning refers to discussions held between the property owner and their spouse or planning made by the property owner on their own. This study discovered that respondents who have chosen to devise their estate planning formally started by procuring initial details of estate planning bodies in Malaysia such as MyPusaka, as-Salihin Trustee and even law firms. One respondent has taken efforts to obtain information from more than one agency and what each charge for estate planning. Having those details enabled that respondent to choose the most economical option.

Amongst the instruments used by the respondents in planning their estates are will, *hibah* and *MyIktan* (estate planning document (EPD)). The results in Table 2 show that the majority of the respondents had clear knowledge and understanding of the instruments selected. *Hibah* is the choice amongst most respondents, followed by *MyIktan* and will. The costs incurred by the respondents in planning their estates ranged from RM350 to RM5,000 per instrument.

Instrument selection is also closely related to the type and value of the property. Based on this present study's results, the majority of the respondents made a list of their assets before designing their estate planning. However, several respondents had discussed their plan with other individuals such as spouses or heirs, before proceeding with the plan. Interestingly, most of the respondents agreed that appointing a trustee to manage the estate after passing away is essential to ensure that the allocation of properties will run smoothly.

Table 4 shows the results for best practices of estate planning from the industry's perspective. All respondents have vast experience in this field and have handled many cases related to management and estate planning or inheritance. Table 4 reveals that estate planning should be done by every Muslim. Furthermore, the respondent from Industry 1 asserted that those with many assets or debts are encouraged to undertake estate planning: "For me, Muslims who have a lot of property and debt should make estate planning".

The respondent from Industry 3 said that it is critical for Muslims, especially those with adopted children, with daughters only, with grandchildren, with multiple wives and those who converted to Islam (*mu'allaf*) to undertake estate planning to avoid problems for posterity. The planning should be done as early as possible to avoid any uncertainty that could transpire.

With regard to the preparation, the original estate documents are required to ensure smooth preparation of the inheritance document. Table 4 shows respondents' opinions on

Theme	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Respondent 6	Respondent 7
(1) Preparation before proceeding with a plan							
• Discussion with agency/ provider	x	Law firm	x	X	As-Salih, Wasiyyah Shoppe, MyPusaka	MyPusaka	MyPusaka
• Instruments	x	Wasyyah	Hibah	Hibah	Mykatan	Hibah and Mykatan	Hibah and Mykatan
• Understanding of instruments	x	/	/	X	/	/	/
• List of assets	/	/	/	X	/	/	/
• Cost involved	x	Below RM5,000	RM500	X	Mypusaka: RM350	RM2,500	RM2,500
• Discussion with family members	Spouse	x	x	X	Wasī	Heirs	x
(2) Importance of having a trustee in managing wealth							
• Yes	/	/	/	/	/	/	/
• No			/	/			
(3) Outstanding obligations							
• Yes	/		/			/	/
• No		/		/			

Table 3.
Results of best-
practised themes of
individual
respondents

Table 4.
Results of best-
practised themes of
industry respondents

Theme	Industry 1	Industry 2	Industry 3
(1) Who should do estate planning?	<ul style="list-style-type: none">• Muslims that have many assets and debts	<ul style="list-style-type: none">• All Muslims	<ul style="list-style-type: none">• Muslims, especially those: with adopted child with daughters only with grandchildren with multiple wives who are <i>mu' allaf</i> (converts to Islam)
(2) When to start planning?	<ul style="list-style-type: none">• As early as possible	<ul style="list-style-type: none">• As early as possible	<ul style="list-style-type: none">• As early as possible
(3) Documents required	<ul style="list-style-type: none">• Estate documents	<ul style="list-style-type: none">• Complete documents	<ul style="list-style-type: none">• Original documents
(4) Preparations before execution of planning	<ul style="list-style-type: none">• Start by analysing <i>farā' id</i>• List assets and debts	<ul style="list-style-type: none">• List all assets	<ul style="list-style-type: none">• List all assets to be included in the planning
(5) Requirement to assign power of attorney or executor	<ul style="list-style-type: none">• Appointment of <i>uasī</i>	<ul style="list-style-type: none">• Appointment of <i>uasī</i> or trustee	<ul style="list-style-type: none">• Appointment of <i>uasī</i>
(6) Cost of preparing the planning document	<ul style="list-style-type: none">• General – RM250• With <i>hībah</i> – RM300• Any change – add RM50 for each	<ul style="list-style-type: none">• Minimum – RM5,000• <i>Wasīlah</i> (mediator) – not more than RM10,000 using the <i>tabarru'</i> (charity) concept (15 years only)• Open document (<i>Prāhībah</i>) – RM1,600	<ul style="list-style-type: none">• Divided into two charges Below RM2m Above RM2m
(7) Conditions that must be met during execution of planning	<ul style="list-style-type: none">• No coercion and must be voluntary	<ul style="list-style-type: none">• No coercion	<ul style="list-style-type: none">• Voluntary

whether, before undertaking any estate planning tool, Muslims should prepare the list of assets, as well as the record of debts and should analyse the *farā'id* to ascertain who their rightful heirs will be. The respondents also agreed that the appointment of an executor is crucial to ensure the fulfilment of the plan. As mentioned by the respondent from Industry 2:

“We will ask our client to list all their estate to make estate planning. . . Client needs to appoint *waṣī* or trustee that they trust”.

Respondent 1 echoed the same sentiment:

“We ask the client to do this first [...] start to analyse the *farā'id* [...] make your asset list and debt. . . or if you want to make donations, you can do so as well [...]”

Besides, the distribution of wealth, estate planning is also considered a good platform for Muslims to perform good deeds even after passing away. According to respondents 1 and 3, other value-added services from estate planning are the opportunities to give *ṣadaqah* (donation) and waqf, as well as to settle their dues with Allah (e.g. *nadhar* and zakat) and/or other human beings (e.g. loans, debts). As mentioned by respondent 1:

“It’s our afterlife preparation. . . so they do it for themselves [...] *ṣadaqah*, waqf, settling debt, *nadhar*, zakat, etc. . . the balance will be distributed to the heirs. . .”

Giving the same opinion, respondent 3 said:

“Before dividing up the estate to heirs, we will settle the client’s debt and ask if he/she wants to donate or do waqf before distributing them to the heirs later [...]”

Based on the findings, the respondents are in consensus on almost all themes raised during the interviews. Meanwhile, the respondents also highlighted the importance of awareness on Islamic estate planning which can be raised by having various programmes at different levels of education and ages. Hence, people will be better exposed to Islamic estate planning and its importance in socio-economic development.

Discussion

This research finds that appropriate estate planning should be of concern for all Muslims as it is beneficial for their worldly life and the hereafter. In concurrence with the previous literature such as Abd. Aziz (2012) and Alma’amun *et al.* (2016), a complete guideline on the best practices should be provided to guide Muslims in planning their estate after death. This guideline is crucial to ensure a proper and systematic way of estate planning. One of the examples of the themes discussed in this research is the importance of preparing funds to pay the fees to undertake EPDs. In parallel with Mohammad (2015) and Kamarudin *et al.* (2019), this research found that the cost of preparing the planning documents is vital, and therefore should be considered during estate planning. Following the suggestions made by Alma’amun (2010) and Abdul Karim (2016), this study aims to develop the best practices of Islamic estate planning, which are expected to comprise a guideline for Muslims, not only for the financial security of their family and loved ones but also to provide for their own afterlife. This study is one of the first studies to develop the best practices of Islamic estate planning, which are not only useful and relevant for Malaysian Muslims but also for Muslims in other countries.

Based on the findings of this research, the best practices of Islamic estate planning for Muslims in Malaysia have been developed. The best practices have been approved by two experts from two different backgrounds (academic and industry). The experts were identified for their expertise and experience in handling cases on Islamic financial planning and management as well as their

involvement in the publication of articles related to Islamic financial planning. These experts were chosen as they have outstanding contributions in this field.

The best practices of Islamic estate planning encompass the development of strategies to manage one's assets upon passing away. Estate planning is a crucial component of the future plans of the individual and one's family, which involves planning for the afterlife. It intends to offer peace of mind to the individual and loved ones when one dies, warranting that the deceased's assets are distributed to the rightful heirs in an uncomplicated and efficient manner, while simultaneously regarded as one's final good deed in preparing for the afterlife. The best practices of Islamic estate planning are summarised from the present study's findings, as presented below:

- (1) Estate planning should be undertaken as early as possible, especially when someone has financial commitments in the form of loans/financing or when one owns or has acquired assets.
- (2) An individual should ensure that assets are listed and filed accordingly. The current value of the assets should also be determined to ascertain where the executor should direct them to. All documents (grants or other related documents) should be prepared, which may comprise:
 - Landed asset(s) and/or moveable asset(s).
 - Value of the asset(s).
 - Asset(s) abroad.
 - Multi-owner asset(s): If an individual owns the multi-owner asset(s), one's share in the respective asset(s) must be stated in detail.
- (3) An advance directive or estate plan that spells out one's end-of-life preferences should be set up. Besides, distributing one's assets to the respective heir(s), the individual should also consider planning for afterlife deeds. Such plan includes (sorted by priority):
 - Settling debts (including dues to Allah, e.g. *fidyah*, zakat, etc., and also to other human beings).
 - *Nazr* (vow or commitment to carry out an act).
 - *Hajj badal* (hajj by proxy).
 - Waqf.
 - *Ṣadaqah*.
- (4) An individual should ascertain one's beneficiaries/heir(s).
 - Total number of heirs.
 - Types of heirs (female vs male, *zawū al-arḥām* (distant kindred), multilayer, etc).
 - Existence of underage/disabled/special needs children.
 - Existence of adopted children.
 - Marital status.
 - Polygyny (multiple wives).
- (5) An individual should have one's current EPD updated regularly, if necessary, which provides accurate and detailed instructions as to how one wants the asset(s) to be distributed and to whom. This is where the individual should decide whether one wants to use *farā'id*, *hibah*, will or a combination of the tools, as long as the heir(s) will not be affected adversely.

- (6) One should assign the power of attorney or executor to allow someone to handle things. Power of attorney or executor can be an individual's own heir(s) or a trustee or lawyer, depending on one's own interest, total asset(s) or the complex nature of one's heir(s)/asset(s).
- (7) An individual should ensure adequate cash for the executor to manage the plan.
- (8) An individual should ensure the cost of professional assistance:
 - Planning cost (administrative cost charged by the estate planning provider).
 - Inheritance management cost.
- (9) An individual should ensure that one fully understands the estate plan at the time of document execution. One needs to understand well the differences between the tools, including their processes, terms and conditions and limitations.
- (10) An individual should ensure that the estate planning is undertaken in a calm state of mind. One should ensure that the plan is made without coercion/force and is not made while in a state of stress, as irrational judgement may likely affect actions during these times.

The 10 best practices of Islamic estate planning above are constructed to guide Muslims with the best ways to undertake estate planning. They involve the right time to execute planning, an updated list of assets, determination of cost, appointment of an executor and determination of sufficient liquid asset (cash) for the execution of the plan in the future. Firstly, the novel aspects of the constructed 10 best practices are intended to ensure that the people under one's care (especially non-heirs) are protected. Secondly, there is no fixed estate planning instrument that must be used by the testator; rather, the best instrument depends on the different backgrounds of the individual (testator), as everyone has different needs and comes from various backgrounds. Thirdly, the constructed best practices may help the testator to cover the benefits of both lifetimes, i.e. worldly life and the afterlife. Fourthly, to prevent any problem with the overlooked estate(s), the best practices outline the importance of having a current and updated list of assets. It is hoped that the 10 best practices of Islamic estate planning will provide practical and applicable guidelines for Muslims to decide amongst the extensive ways to undertake Islamic estate planning.

Conclusion

Many people plan specific and efficient retirement funds for financial survival but disregard the disposition of assets upon death. For Muslims, Islamic estate planning is crucially needed to ensure a smooth distribution of wealth amongst heirs and loved ones. Due to the scarcity of pragmatic research on Islamic estate planning, specifically in Malaysia's context, this present study provides a proposal of the best practices of Islamic estate planning that are appropriate for Muslim citizens of the country. This research suggests 10 best practices of Islamic estate planning that can serve as a checklist for Muslims to plan their estate legacy prior to death. The recommended model of best practices of Islamic estate planning is anticipated to play a part in the attainment of sustainable formation and apportionment of wealth amongst Muslim citizens in Malaysia, as well as in the success (*falah*) and accomplishments during this worldly life and in the afterlife.

These best practices of estate planning can further be transformed into a module for use of higher educational institutions' students as a co-curriculum course and are also practical to be used as a part of the syllabus in the pre-marital course for Muslims. The early introduction of these best

practices to young Muslims should cause a big impact on inheritance to resolve the critical issue of accumulated frozen assets in Malaysia. To enable the young generation and Muslims, in general, to be exposed to the best way in estate planning and management, these best practices can be transformed into a digitalised platform such as e-book and e-learning course (e.g. massive open online course (MOOC)) for better access by the public.

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