Estate Planning

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Part 3
Working Towards the Finish Line

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Disclaimer

The information following on estate planning should not be construed as offering specific financial, investment, foreign or domestic taxation, legal, accounting or similar professional advice. It is not intended to replace the advice of independent tax, accounting or legal professionals.

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Estate Planning Recap

Estate planning refers to the process required to transfer and preserve one's wealth in an orderly and effective manner.

You should have an estate plan.

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Estate Planning Recap

In the first session we discussed in broad terms what is estate planning and how the process unfolds

We needed to gather all personal and financial information, looking at the workbook “You and Your Survivors” as an excellent tool to do so.

With our known assets and liabilities, we could determine if changes are required to ensure our survivors could live well after our departure.

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Estate Planning Recap

In the second session we reviewed joint accounts, the importance of having in place continuing power of attorneys for property and personal care.

We explored beneficiary designations and examined wills as the vehicle to distribute our wealth in the manner we wish.

Executors are the key to a smooth distribution; we examined their duties, their liabilities and their important qualities to assist in selecting the right one to handle your estate.

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Estate Planning

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Estate Planning

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Tax Minimization
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Tax Minimization

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Tax Minimization

A good estate plan starts with understanding the tax consequences of the types of assets you own.

The next step is to use strategies to mitigate their tax impact.

You can postpone paying taxes or perhaps reduce the amount of tax to pay to permit more of your estate to pass to loved ones.

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Tax Minimization

Understand which assets are taxable and where taxes can be deferred

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Tax Minimization

Examples where assets may not be taxed immediately on death of first spouse:

- An RRSP or RRIF that can be "rolled over."
- A TFSA left to spouse as the "successor holder".
- Principal residence under "principal residence exemption".
- Life insurance paid to named beneficiary.

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Tax Minimization

Examples where assets may be taxed immediately on death of surviving spouse:

- An RRSP or RRIF that cannot be "rolled over."
- Earnings on TFSA value from date of death to distribution to beneficiary or estate.
- Principal residence.
- Capital gains on other real estate.
- Personal use property > $1,000 (car, boat, etc)
- Non-registered investment accounts.
- Life insurance paid to estate.

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Tax Minimization

1. Leave assets to your spouse
2. Give assets away
3. Choose beneficiaries carefully
4. Make the most of exemptions
5. Track your Adjusted Cost Base (ACB)
6. Give to Charity
7. File multiple tax returns
8. Buy Life Insurance

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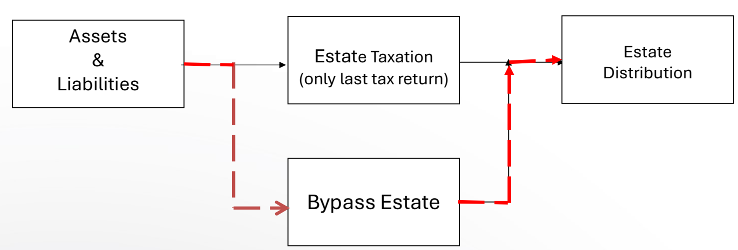
Tax Minimization

Estate To Surviving Spouse



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Tax Minimization

Leave assets to your spouse

Assets left to a spouse or spousal trust are deemed disposed of at the deceased adjusted cost base (ACB). You defer taxes until the spouse (or trust) sells the asset or until the surviving spouse's death.

If there are unutilized capital gains on death the estate can trigger some capital gains to offset losses. Transfer at fair market value (FMV) becomes the ACB for future tax calculations.

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Tax Minimization

Where should tax minimization efforts should be expended?

When the estate passes from surviving spouse to beneficiaries

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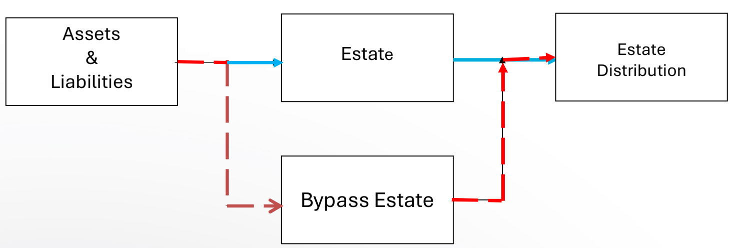
Tax Minimization

Surviving Spouse's Estate



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Tax Minimization

Give Assets Away

Giving assets away is a disposition for tax purposes and will give rise to a tax bill if the asset gifted is greater than the ACB.

Do so with assets not needed to fund your day-to-day living.

Either the asset given away will grow in value or you will be in a lower tax bracket in the year the gift is made than in the year of your death.

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Tax Minimization

Choose Beneficiaries Carefully

Assets left to a spouse can avoid FMV disposition on death, so leave assets that have appreciated in value to your spouse.

Best to leave to others tax-friendly assets (cash, guaranteed interest accounts, money market funds, or assets that have not greatly appreciated in value) where disposition of these assets does not create a large tax bill.

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Tax Minimization

Make the Most of Exemptions

Principal residence exemption-offsets the capital gains on one property you own. It could be your home or cottage you inhabit.

Lifetime capital gains exemption-can offset up to $1,250,000 of capital gains from disposition of shares in certain private companies or can be applied to qualifying farm or fishing property. (To claim need to meet a boatload of tests)

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Tax Minimization

Track Your Adjusted Cost Base

The difference between FMV and ACB of capital assets is subject to taxation. Justifying as high an ACB as possible will minimize the estate tax bill. ACB may not be the original purchase price!
For example,

-purchases of same security at different values

-inherited or gifted assets

-reinvested distributions from stocks/mutual funds

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Tax Minimization

Give to Charity

If you give to charity through your will, your estate can claim a donation tax credit on the FMV of the gift on your final tax return.

If you give assets other than cash, your estate may still have to report a capital gain (loss) from deemed disposition, but the donation tax credit your estate receives will off set the gain.

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Tax Minimization

File Multiple Tax Returns

Final return–reports regular income plus income received from January 01 to date of death.

Return for rights or things-includes income earned and receivable at death but not yet received (accrued vacation pay, dividends declared but not paid at time of death).

Return for a partner or sole proprietor-business income for different year end and more than 12 months of income have to be reported.

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Tax Minimization

File Multiple Tax Returns

The basic personal amount can be claimed on each filed return, multiplying the credits claimed

Spreading income over several tax returns allows your estate to benefit from the lower graduated tax rates more than once in the year of your death.

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Tax Minimization

Buy Life Insurance

Consider purchasing a life insurance policy to help fund your estate's eventual tax liability.

Helps assure your heirs are left with as much of your estate as possible

Helps to stop assets from being liquidated to pay your estate's tax bill or to meet dependents' financial needs for their day-to-day living expenses.

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Trusts

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What are Trusts?

- Common way of dealing with a range of personal, family or business options
- Vehicles to meet financial estate and tax-planning needs
- A legal structure where a trustee deals with property or assets over which the trustee has control for the benefit of beneficiaries
- Ownership rests with the beneficiaries

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Reasons for Trusts

- Allows you to see where your money goes
- Do whatever you want with the assets
- Avoids probate
- Pass down more than just money (cottage)
- Keep your wealth a secret

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Types of Trusts

- Living (inter-vivos) Trusts
  - Established while you are alive
  - Comes into effect once an agreement is signed and trust is funded
- Testamentary Trusts
  - Created under terms of your will
  - Activated upon your death
  - Funded from the assets of your estate

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Testamentary Trusts

- Spousal Trust
- Trusts for Minors
- Trusts for Charities
- Spendthrift Trust
- Special Needs Trust

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Testamentary Trusts

Spousal Trust

- Meant to provide income for life of your spouse with capital remaining at death of spouse to go to children or grandchildren.
- Used when spouse is ill or incapacitated or lacks financial expertise.
- A variation if there are no children or grandchildren is to leave the capital to charity on the death of the spouse.

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Testamentary Trusts

Trusts for Minors

- In the event both parents die at the same time, or when the surviving parent dies, a portion of the estate is held in trust for minor children or grandchildren until they reach a certain age
- Trustee can pay out the income and encroach on the capital for specific needs
- May arrange to disperse money in portions when children reach age 19, 25, 30

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Testamentary Trusts

Trusts for Charities

- Trust set up that provides family members with income for life.
- On their death the remaining capital in the trust is distributed to a charity of your choice.

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Testamentary Trusts

Spendthrift Trust

- If you have a child who has a history of fiscal irresponsibility you may wish to control funds the child is to receive.
- Trustees have the power to distribute as much income as appears reasonable.
- On the death of the child, the capital could go, for example, to the grandchildren.

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Testamentary Trusts

Special Needs Trust

- A trust can be set up for a family member that is physically or mentally challenged and is not able to manage their own affairs.
- Encroachment on the capital could be considered in extenuating circumstances.
- If the trust is to operate for an extended time, may wish to consider the benefits of having a trust company as the trustee.

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Testamentary Trusts

Special Needs Trust

- May also be called a "Henson" Trust
- If the child qualifies under the Ontario Disability Support Program, there are limitations on income and asset ownership to continue to qualify for benefits and that is where this trust is of value.
- The trustee must have absolute discretionary powers; the disabled beneficiary can have NO beneficial interest in the income or assets of the trust.

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Testamentary Trusts

A few final words:

- Not all assets can be transferred to a trust.
- An RSP is a trust and cannot be transferred to a trust.
- A trust is required to file an annual income tax return (T3).
- Distribution to beneficiaries who are not Canadian residents causes taxes becoming due on transfer of assets.

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Living Trusts

- Family Trust
- Joint Partner Trust
- Alter Ego Trust
- Special Needs Trust
- Charitable Remainder Trust

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Living Trusts

Family Trust

- Useful technique for holding investments or other assets for the benefit of your children for their financial support.
- Could be set up for higher education.
- Taxes would be lower as children would be in a lower tax bracket than you.

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Living Trusts

Joint Partner Trust

- If 65 or older, and you wish to leave your assets to your spouse or partner, you can transfer funds while alive.
- You continue to use the trust's assets while alive and receive any income or capital gains.
- Assets can be transferred to a joint partner trust at cost without triggering capital gains tax.

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Living Trusts

Alter Ego Trust

- Similar to joint partner trust but is for those over 65 who do not have a spouse or partner.
- At the time of death assets deemed to be disposed of at fair market value triggering capital gains tax.

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Living Trusts

Special Needs Trust

- For family members who are not able to handle their own financial affairs.
- Provides lifetime financial needs.
- On recipient's death residue could go to a charity or as a gift to other children.

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Living Trusts

Charitable Remainder Trust

- Assist your charity of choice by donating a residual interest in a trust to the charity.
- You receive the income earned from the assets and on your death the charity receives the residual.
- You could receive a donation tax credit when the trust is established based on the projected fair market value at your death.

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Summary of Living Trusts

- With aging, many do not feel comfortable managing their own affairs. Their children may not have good money management skills, may be busy or live away.
- So, a living trust managed by a trust company and a responsible family member can be set up.

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Summary of Living Trusts

- Allows parents to receive income for life and the capital distributed to children and grandchildren on the death of the surviving parent.
- Trusts bypass the estate and are not included in the probate process.
- On death, assets are not part of the owner's estate on death, you achieve confidentiality as the assets are not included in public record at probate.

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Probate

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Probate

Reinforced by

Estate Administration Act

(January 2015)

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Probate

Probate is the Court procedure for:

- formal approval of a will by the Court as the valid last will of the deceased; and,
- formal confirmation by the Court of the appointment of the person who will act as the estate trustee (with or without a will).
- In effect, probate is what gives the estate trustee the legal right to act on behalf of the deceased.

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Probate

When an executor applies to the court for a *Certificate of Appointment of an Estate with a Will*, probate fees (aka taxes) have to be paid.

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Probate

Courts acknowledgement will

- Confirm authority of estate trustee
- Allow funds to be released (Institutions generally require a "Letter of Probate" before they will release funds)

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Probate

Probate probably required when the estate includes any of:

- real estate owned by the deceased in his or her name alone or as a tenant in common;
- shares of a publicly-traded company (stocks listed on a stock market); or,
- funds or investments at an institution held solely in the name of the deceased and not ‘in joint tenancy’ with another person.

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Probate

Probate is not required if

- All assets pass outside the estate (typical for assets passing to surviving spouse)
- The only asset is a long-held real estate property; and, you invoke the “First Dealings Exemption” (property is being transferred from old to current Land Registry system)
- Waiver of probate by banks for modest estates (<$40,000 and entirely at discretion of bank)

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Is Probate Required?

For estates that have any assets in financial institutions the likely answer is YES!

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Estate Administration Act

- Probate Taxes are imposed on the assets of the estate of the deceased person
- Probate Taxes are paid as a deposit when the estate trustee applies for the Certificate of Appointment of the Estate Trustee with Superior Court of Justice

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Estate Administration Act

Generally, financial institutions and land registry offices will require probate.

Probate confirms that the estate trustee is authorized to receive the assets and funds that belonged to the deceased person.

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Estate Administration Act

- Estate information must be received by Ministry of Finance within 180 days following issuance of the Certificate of Appointment of Estate Trustee

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Estate Administration Act

Probate Taxes are based on the value of the estate assets

- Real estate in Ontario (less encumbrances)
- Investments (stocks, bonds, trust units, etc.)
- Vehicles and Vessels (cars, trucks, boats, ATVs, motorcycles, snowmobiles)

plus

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Estate Administration Act

- All property held in another person's name
- All other property wherever situated including: goods, intangible property, business interests, and insurance proceeds (if no named beneficiary)

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Estate Administration Act

Probate Taxes are based on the value of the estate assets

HOWEVER, no outstanding debts, loans or liabilities can be subtracted from the estate assets to reduce the estate value!

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Estate Administration Act

What is not included?

- Jointly owned assets with spouses!
- Designated assets like life insurance, RRSPs or RRIFs that go to beneficiaries unless payable to the estate.
- Gifts

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Estate Administration Act

What is not included?

- Trust funds
- Assets held as cash or bearer certificates

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Estate Administration Act

Probate Tax imposed is

$0 for the first $50,000

$15 for each $1000 or part thereof on the remainder of the estate exceeding $50,000

As executor you must find the funds to pay the taxes WHEN you submit the estate to probate

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Estate Administration Act

Probate Taxes for a $250,000 estate

- on the first $50,000 of the estate ->$0
- on the remaining $200,000 -> $3,000

($200,000/$1,000 x $15)

Total probate fee = $3,000

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Estate Administration Act

Probate Taxes for a $1,000,000 estate

- on the first $50,000 of the estate -> $0
- on the remaining $950,000 -> $14,250

($950,000/$1,000 x $15)

Total probate fee = $14,250

Probate taxes can be substantial!

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Estate Administration Act

Where do the funds come from to pay EAT?

1. Get banks to release funds before executor officially certified.
2. Obtain delay in payment to acquire funds from sale of house.
3. A joint account between executor and deceased (not recommended).

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The Impact of Probate

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Evaluate Impact of Probate

Is paying probate really a problem?

Probate is required by third parties to ensure the executor has the authority.

Do the costs and consequences to reduce probate outweigh the savings years later at your death?

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Evaluate Impact of Probate

Is paying probate really a problem?

The executor is not going to pay for the EAT out of their own pocket, so some plans have to be made to not only cover the upfront cost of EAT plus other expenses to continue operation of estate properties.

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Evaluate Impact of Probate

Is paying probate really a problem?

Estate planning

- Sets up an account accessible to the executor to pay EAT; or,
- Considers strategies to reduce EAT; or,
- Examines alternatives to pay the EAT

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Evaluate Impact of Probate

Possible probate reduction strategies:

- Consider gifting assets before death
- Consider living trusts
- Consider joint tenancy with right of survivorship (JTWROS) NOT joint tenants-in-common

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Evaluate Impact of Probate

Please note: if you consider actions to reduce probate, you may also trigger capital gains tax now.

e.g., gifting recreational property to children –

- now – you pay capital gains tax

- after your death – estate pays capital gains tax (+ asset becomes part of probate value!!)

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Evaluate Impact of Probate

- Bank accounts held in joint tenancy between a parent and adult child, the presumption is that the account IS part of the estate and must be probated.
- The onus of proving that the bank account is a gift to the adult child and not part of the estate lies on the adult child. This onus is often very hard to rebut.

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Evaluate Impact of Probate

Recall there may be Joint Tenancy (JT) issues/consequences with other joint owner(s):

- Debt – asset sold to pay debts
- Divorce – asset becomes part of divorce proceedings and settlement
- Drugs – asset sold to feed habit
- Death – asset becomes part of estate

If JT just for convenience, consider POA where you remain in ownership control of the asset

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Evaluate Impact of Probate

You should shun 'joint tenancy to avoid probate tax schemes' unless you:

- have received very good legal advice,
- have carefully thought through all of the consequences,
- execute the plan very carefully and ensure that it is part of a well-integrated estate plan, and
- keep the full plan updated regularly.

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Evaluate Impact of Probate

- Consider making two wills: primary for assets subject to probate; secondary for how assets are to be distributed.
  - Ensure that one will does not accidentally revoke the other.
  - Ensure that the will for probate meets provincial requirements.

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Evaluate Impact of Probate

Other probate reduction strategies:

- Consider titling assets to a limited company if you have personal debts as debts do not reduce the probate value of the estate. You can place the assets and the loan in the company, reducing the estate's gross value and cutting down on the probate tax owing.

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Evaluate Impact of Probate

- Consider creating a Trust Fund in which you place your assets. After your demise, the trust as the sole owner handles the distribution of assets, the assets are not part of your probate estate and not subject to any probate taxes.

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Evaluate Impact of Probate

A final probate reduction strategy or more likely one that lessens the impact:

- Consider life insurance products to pay for the probate tax using
  - Life insurance
  - Segregated funds

where the beneficiary is the estate.

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Life Insurance

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Life Insurance

Life insurance is often used in estate planning in two ways:

- To help replace your lost income for those you leave behind
- To help preserve and transfer your estate

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Life Insurance

More specifically life insurance can:

- Help cover final expenses including funeral costs, legal, final tax payments and executor costs.
- Replace income if you leave a family who depends on your income, to help pay for living expenses, mortgage, debt, etc.
- Leave money to charity

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Life Insurance

More specifically life insurance can:

- Preserve your assets by naming beneficiaries and effectively bypassing the estate and probate
- Cover the capital gains tax on a vacation property you intend to keep in your family.
- Assist with business succession planning by using a buy-sell agreement to provide money for the surviving partners to purchase your share.

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Life Insurance Policies

Basic Insurance Policies

- Term Life
- Whole Life
- Universal Life
- Variable Universal Life
- Joint-Last-to-Die

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Life Insurance Policies

Term Life

- Provides low-cost death benefit protection for temporary needs.
- Pays a level death benefit and does not build up cash value.
- Typically offers the most protection for your premium dollar.
- Premiums rise as you age and policies normally not available past 80 years of age.

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Life Insurance Policies

Whole (Permanent) Life

- Guarantees a minimum death benefit (also known as the face amount), no matter how long you live, as long as premiums are paid.
- Premium payments will stay the same for as long as you own the policy.
- Guarantees that you or your beneficiaries will receive *at least* the policy's guaranteed cash value or death benefit.

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Life Insurance Policies

Universal Life

- Provides death benefit protection, as well as a savings or cash value component.
- Builds cash value because the insurance company credits your policy each month with a fixed interest rate.
- Some flexibility to pay your premiums in different amounts or at different times.

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Life Insurance Policies

Variable Universal Life

- Provides death benefit protection.
- Creates the potential to build cash value and flexible premium payments.
- Premiums invested in your choice of underlying portfolios offering different levels of risk and growth potential.
- Any earnings generated from the investment options are credited to your policy's cash value.

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Life Insurance Policies

Joint-Last-to-Die

- Covers two people and pays a death benefit only on the second person's death.
- If one person dies the policy will not provide immediate financial support for a family. It's often used for estate planning by couples or business partners.
- The policy is usually less expensive than two individual life insurance policies making it a more cost-effective option to help protect an estate.

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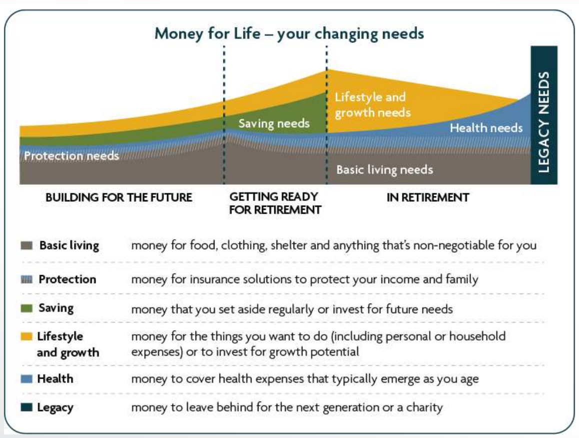
Insurance Needs



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Insurance Coverage

Do you still need life insurance; if so, what kind?

- Will your insurance cover final costs after you die?
- Does your survivor need funds to support them?
- Do you have enough insurance on your home and car?
- Do you need health insurance for travel outside the country?
- Do you need long-term care insurance to cover your possible nursing home or at-home health care?
- Do you need to consider using a life insurance policy to create a legacy?

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Insurance

Summary

- Life insurance is often used in estate planning to replace income, transfer property and other needs.
- Different types of life insurance can be used for different estate planning needs.

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Segregated Funds

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Segregated Funds

Segregated funds are nothing more than mutual funds with fixed-price insurance. Segregated funds and mutual funds share some key benefits:

- They're both professionally managed investment funds that pool financial contributions from investors.
- Both can be invested in a variety of products including RRSPs, Non Registered, TFSA, RIF, LIRA and LIF.
- Generally speaking, you can redeem your investments and get current market value at any given time.

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Segregated Funds

There are fundamental differences between segregated and mutual funds:

- Only life insurance companies offer segregated funds. The funds are held separate from the general assets of the company.
- Segregated funds guarantee all or most of your principal investment upon maturity or death. Mutual funds generally have no guarantees at all.
- Segregated funds are considered an asset of the insurance company held in trust for you giving protection against the insolvency of the insurance company. Mutual funds can't make that offer.

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Segregated Funds - Benefits

- **Maturity guarantees.** A segregated fund policy guarantees that the value of your investments at maturity will not be less than a specified percentage of the amount you invest.
- **Death benefit guarantees.** Your beneficiary will receive the guaranteed amount or market value of your investments—whichever is higher.
- **The ability to bypass probate.** Your beneficiaries get their payout faster, the privacy of your affairs is maintained and the cost of probate fees is avoided.
- **Potential creditor protection for non-registered accounts.** Your segregated fund assets may be protected from creditors in the event of a bankruptcy.
- **Resets.** The ability to lock in market gains on your investment.

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Segregated Funds - Pitfalls

- Segregated fund fees are higher than mutual funds – you pay a management fee plus an insurance fee component.
- Your money is locked in – you have to keep your money in the fund until the maturity date (usually 10 years) to get the guarantee. If you cash out before that, you'll get the current market value.
- Withdrawals reduce guarantees proportionately – guarantees end at age 100.
- Penalties for early withdrawals – you likely pay a penalty if you cash out your investment before the maturity date.

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Segregated Funds

Are Segregated Funds for You?

If you're a young, employed person with decades before retirement, you probably don't want them.

If you're at risk of bankruptcy, or you need equity returns but will lie awake at night worrying, or you believe the odds are high that you will die in the next decade, they might be right for you.

You should consult your legal and financial advisors about your individual circumstances.

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Segregated Funds Summary

- Segregated funds can help alleviate some of the emotional and financial burdens on your loved ones.
- Segregated funds can provide you and your family with peace of mind as the death benefit is paid out quickly and efficiently.

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Segregated Funds Summary

- With named beneficiaries, assets can be distributed efficiently.
- Assets bypass the estate quickly and privately.
- Assets are protected as beneficiaries receive a guaranteed amount or market value whichever is greater.

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Segregated Funds Summary

Segregated funds offer:

- No probate taxes
- No executor fees
- No accounting fees
- No legal fees
- No delays
- No invasion of privacy

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Advisors

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Advisors

Financial Planning involves seeking advice from professionals. If you Do-It-Yourself, you or your heirs could be in for a boat load of trouble.

Lawyers - offer advice on creating your will and powers of attorney and setting up trusts.

Financial Advisors – offer advice on investment and possibly insurance products.

Accountants – offer help with income tax preparations and with your financial assets and liabilities.

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Advisors

Insurance Agents – offer advice on home, car, travel, medical, dental, long-term care, and life insurance products.

All encompassing advisors –

Trust and Bank Wealth Management Teams

Financial Service Firms (not to be construed as recommendations, but a place to start)

(https://threebestrated.ca/financial-services-in-ottawa-on)

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Selecting Advisors

What Are the Selection Criteria?

Qualifications - professional degree, a university degree in the area of expertise, or some other professional training.

Experience - degree of expertise, the number of years' experience as an advisor, and percentage of time spent practicing in that area are critically important.

Compatible personality - you must feel comfortable with the degree of communication, the attitude, the approach, the candour, and the commitment to you.

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Selecting Advisors

Confidence - You must have confidence in your advisor if you are going to rely on the advice to enhance the quality of your decision-making and minimize your risk.

Fees – You must feel comfortable with the fee being charged, and the payment terms. Are they fair, competitive, and affordable?

Comparison - It is a good rule of thumb to see a minimum of three advisors before deciding which advisor is right for you. The more exacting you are in your selection criteria, the more likely it will be that a good match is made, and the more beneficial that advisor will be to your estate planning demands.

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Wrapping Up

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Key Take Aways

- Do you need to invoke tax minimization strategies?
- Are trusts needed?
- Can you minimize probate?
- Can you utilize life insurance?
- Are segregated funds useful to you?

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Key Take Aways

- Should you consider gifting?
- Do you have the right advisors and are they working for you?
- Procrastination is your enemy!
- Get to it!

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Summary

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Summary

Who should have an estate plan?

- Every adult.
- There is no excuse for not having a plan unless you have a strong desire to inflict an expensive mess on your family.

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Summary

- Estate planning can help you organize your assets to ensure a smooth transfer to your beneficiaries.
- You can name inheritors, assign charitable donations and minimize taxes for your beneficiaries.

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Summary

- Estate Planning is fundamental for managing your wealth and goes beyond your monetary assets.
- It embodies your values, beliefs and hopes for the future well-being of your loved ones.
- It is more than just a way to distribute your wealth.
- It is also part of your legacy and vision for the ones you love.

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Summary

- Estate planning is about foresight and consideration.
- It is about visualizing a time when you are no longer around and putting things in place to ensure your family or dependents are looked after.
- By being forward-thinking, you can help prevent legal complications or financial disputes.

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Summary

Elements of a good estate plan

- It should ensure that your legitimate estate goals are met.
- It should ensure that your goals are met at minimum cost, hassle and delay.

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Summary

A fair plan must address:

- Your debts and legal obligations
- Your moral obligations
- Subject to these obligations, it should reflect your goals and aspirations, morals and choices.
- An effective estate plan must not only succeed now, but in the foreseeable future. Ideally, the plan works in the face of reasonably foreseeable delay and changes in circumstances.

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Summary

An efficient estate plan:

- Minimizes the risk of successful challenge (recognizing that even unsuccessful challenges cost time and money).
- Includes legitimate income tax minimization.
- Minimizes estate administration time and expense, including probate fees, legal and executor fees, and other fees, taxes, and expenses.
- These goals may conflict. It is important to balance them and to make trade-offs.

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Summary

Estate planning boils down to:

- Identifying Your Goals and Wishes
- Creating a Comprehensive Inventory
- Designating Beneficiaries and Executors
- Drafting Estate Planning Documents
- Reviewing and Updating Regularly

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Summary

Identify Your Goals and Wishes

- Setting clear objectives for your estate also involves your family.
- How do you wish your inheritance will be handed down to their loved ones.
- Will you consider a charitable donation thinking of it as something that celebrates your values in life.
- Make decisions that reflect your preferences be it end-of-life care or your funeral arrangements.

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Summary

Create a Comprehensive Inventory

- Put together a list of *all* your assets.
- Catalogue every piece of property, every investment, your bank balance, retirement fund and insurance policy.
- it also makes it easier for your family and loved ones when you're gone.

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Summary

Create a Comprehensive Inventory

- Document any outstanding debts or obligations. Detailing everything you owe will protect your loved ones from stress to find out you had thousands of dollars in debts hidden away.
- By cataloguing everything, you can help make things easier for your family. By knowing all your assets and liabilities, you can plan for your family's welfare and peace of mind by helping to protect them now from potential financial setbacks after you're gone.

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Summary

Designate Beneficiaries and Executors

- Your selection of your beneficiaries reflect your relationships, values and the legacy you want to uphold. It's a way to celebrate people and causes that resonate with you.
- Selecting an executor is a logistical decision where you entrust your final wishes to someone you can rely on.

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Summary

Designate Beneficiaries and Executors

- Assign secondary beneficiaries on financial plans or life insurance policies or a secondary executor to your estate to help navigate any unforeseen circumstances.
- Make sure to discuss your decisions with the potential beneficiaries and executors keeping them willing and informed so you can trust your wishes are carried out as desired.

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Summary

Draft Estate Planning Documents

- A power of attorney can handle financial and legal matters if you become unable to do so yourself.
- They are trusted with tasks like managing your bank accounts and paying bills.
- Like your executor, you should choose someone reliable and trustworthy.

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Summary

Draft Estate Planning Documents

- A power of attorney for healthcare can help clarify your medical wishes. You can dictate your preferences for medical treatment if you become unable to communicate yourself, assigning an attorney who will make medical decisions and compassionately advocate on your behalf.
- You should talk to your health attorney about potential scenarios, including life support, resuscitation, pain management and other treatments.

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Summary

Review and Update Regularly

- You need to think of your estate plan as a dynamic document. You never know how life will go, so changing your plan if, and when, things change can be vital.
- You can also change the beneficiary (provided the beneficiary is not irrevocable) on your financial accounts, insurance policies and retirement plans to account for any changes in relationships or your priorities.

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Summary

- You will receive a copy of the slides and some additional documents I found helpful.
- I am not endorsing or recommending the services provided.
- The material is informative and may provide you with additional insights to estate planning.

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Actions To Take

Estate planning checklist

Review the tips below. Decide if each one is suitable for you or not, if you plan to do it, or if you need to look into it more. Mark each one in the appropriate column.

Item	Done	Will do	Will look into it	Not for me
Leave a will	○	○	○	○
Name beneficiaries in insurance and other policies	○	○	○	○
Plan your funeral	○	○	○	○
Prepay your funeral	○	○	○	○
Buy life insurance to cover expenses	○	○	○	○
Give gifts before death	○	○	○	○
Spend unsheltered assets first	○	○	○	○
Use final RRSP contributions	○	○	○	○
Buy permanent life insurance as an investment	○	○	○	○
Transfer property to joint ownership	○	○	○	○
Set up a trust fund(s)	○	○	○	○
Make arrangements in case of incapacity	○	○	○	○

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Action to Take

Avoid Procrastination!

Just Do It!!

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Final Questions

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Thank you for your participation today

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