

# Estate Planning 101



## What is an estate plan?

In its simplest form, it's a legal document that explains in detail how your money, property, investments and other assets will be dealt with when you pass on.

If you want to make sure that your wealth and assets will continue to benefit your loved ones, it's crucial to have an estate plan that explains your wishes—and is regularly updated as your life circumstances change, as well as the circumstances of your intended beneficiaries.

## Who needs one?

Anyone with assets to pass on after their death.

An estate plan will:

- Protect your assets
- Protect the value of your estate after your death
- Can be used to minimize the effect of taxes on your estate
- Reduce the cost of administering your estate
- Minimize the burden on your loved ones and protect family

## What do I need to do?

It varies from province to province, but generally, the first thing you need is an up-to-date will. This is the principal legal document that will identify beneficiaries and name an executor.

Your will makes the identity of the executor official, but discuss what you need with your executor to help them when the times comes. Executors need to find and assemble the assets of

your estate, file tax returns, and report to beneficiaries. If your needs are complex, you may consider hiring a professional executor in addition to a family member or friend.

It's a complicated project, and you'll need to seek out professional legal assistance, but you can get started easily enough:

1. Make a list of all your assets
2. Make a list of potential beneficiaries
3. Decide upon potential executors (the person who will execute your will) and who will have power of attorney (who can speak for your interests if you become incapacitated)
4. Talk to your spouse, children, and other family members to share your intentions with them
5. Review the terms of any relevant divorce or separation agreements, shareholder agreements, or other legal documents that could have a bearing on your planning.

## **Other Considerations**

There are a number of other important issues to consider, and discuss in more detail about with your lawyer.

**Charitable giving** is often a part of estate planning, and it may be tax-beneficial to donate through your will (the charitable tax credit is higher in the year of death and the year preceding).

**Pre-planned funerals** are increasingly common as a way to ensure your arrangements are both to your wishes, and to reduce the stress on loved ones upon your death.

**Taxes** are a complicated estate-planning consideration, and there are a variety of tax-minimization strategies that can protect your estate.

**Trusts** can help to minimize taxes and can help ensure your loved ones are financially secure. There are two kinds: testamentary trusts (established in your will), and living trusts, which are in effect during your lifetime.