

FINANCIAL STRATEGIES FROM **KURT ROSENTRETER**

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Estate Planning Tips

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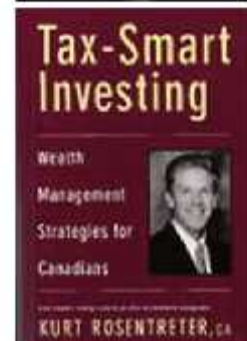
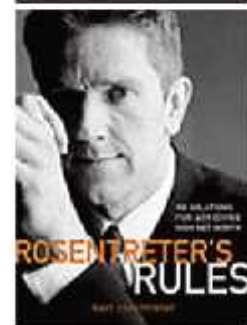
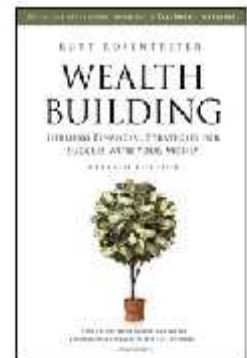
GENERAL ESTATE PLANNING

- Find a lawyer and understand their process for assisting you to prepare your estate documents – you should want a meeting at the beginning to talk about strategies and a meeting at the end to sign off the final documents after reviewing them. In between meetings consider providing us (Kurt) with draft copies to discuss planning points and to provide a general review.
- Understand the lawyer's fees before you start – expect \$200-\$400/hour and a total cost that may be around \$1,200 & HST for him/her to prepare six key documents.
- Ask whether the law firm will store documents and how the family will know where to find the documents should you pass on.
- Ask for a complete copy of your documents to be mailed to us (Kurt) as we will be glad to assist your estate, family, Executors and more with all aspects of the estate process should something happen to you.
- In advance of sitting down with the lawyer you will need to map out your net worth – prepare a list of assets (market value and tax cost base), liabilities, your estate goals, who the role players will be (Executor, Guardian, Trustees), and make sure you and your partner (if applicable) have discussed every aspect of the estate plan. If your children or other family members are tied into your Will with roles, make sure they understand the commitment.

NEED TO KNOW ESTATE POINTS

- Making your assets jointly held with a spouse – tax, legal, probate and practical issues
- Making your assets jointly held with an adult child – tax, legal, probate and practical issues
- Making your assets jointly held with a friend – usually a no no.
- Pros/cons of using a bank trust company as your Executor
- Designating beneficiaries on RRSPs, RRIFs, TFSA, employer group RRSPs and life insurance – are they all up to date? Who should you name? Why?
- What is probate? What does it cost? How can I minimize it? Should I?
- What will the income tax bill be for my estate when I die?
- What will the income tax bill be for my estate when my spouse dies?
- How to minimize income taxes in your estate
- Should you gift major assets to your family before you die? Dangers to discuss
- How to divorce proof an inheritance to your kids
- How to protect a child's inheritance if your spouse remarries after you die
- Dealing with international assets
- Dealing with international beneficiaries

Kurt's National Best Selling Books



- Family trusts – intervivos and testamentary
- The role of life insurance in your estate plan.
- Different ways to leave bequests to charities in your estate and before.
- How financial savvy are your children? Will they be able to manage your affairs when you are gone? Do they know what to do with a lot of money?

WILL

- Executor
 - Name an individual with time to do the work, financial smarts, lives close by and who will agree to do the work.
 - Ideally name more than one executor – name all of your children as Executors once they become old enough – don't pick one or two.
 - Try not to use trust companies due to their high cost – consider friends, accountants and lawyers if you don't have family options.
 - Put a fee in the Will for the Executor to get paid for the work they do / cost reimbursement.
 - Name back up Executors
- Guardians (for children < age 18)
 - Name individuals with the same culture, social values and financial net worth as you have and your children will have
 - Will your children have to change schools?
 - Name back up Guardians
 - Your Guardians should not have control over your estate money – name different people to be money trustees
- Trustees
 - These people could be involved with your Estate for many years if you have said to have your money distributed to children over different ages or if you have a family trust. Ensure all Trustees are fairly young and are aware of their responsibility.
- Don't put plans for funerals in your Will – write a separate document on your own for this.
- Don't refer to advisors by name and address and don't refer to specific insurance policies, bank accounts or other financial documents – if you change them in the years that follow your Will is now out of date.
- If you leave money to an adult child and want to stagger the payouts over time, don't start less than age 25 except to cover the child's living expenses. It is our opinion that the child is not mature enough to handle money below this age.
- Teach your children about money. Any age. Or let us do it for you – as an objective outside expert they may listen more to us.
- You may need two Wills if you have corporations
- You may need special planning if you own anything outside of Canada – even foreign stocks (e.g. US estate taxes)
- If you have any family outside of Canada, or will in the future, this can complicate your estate plan.
- Consider a spousal trust on the death of the first spouse – this can protect the assets against a second marriage and may also offer significant tax breaks if the surviving spouse already has a high annual tax able income. The spouse can be the first beneficiary and the children can be secondary beneficiaries.
- For major assets like cottages or rental properties, consider selling them before you die, placing them in a corporation or trust and creating a shareholder / partnership document that speaks to funding of costs and provides a way for all owners to be bought out fairly.
 - Consider life insurance on beneficiaries to fund liquidity for buyouts – see us for more information.
- If you have an RESP for your children, ensure the RESP is jointly held with both parents or make reference to what happens to the RESP trustee if you died.
- If you own a business, you require far more sophisticated estate planning overseen by an estate lawyer –you will likely need a shareholder agreement governing what should happen to your business. If you have a building, own land or work with partners that also own the business, your estate plan needs to be coordinated with theirs, be sensitive to non-liquid assets (e.g. land) and how the estate will be paid out (all at once, over time, never?).
- Note that many Wills contain a clause about inheritances to family and what happens if the family gets divorced later. This is designed to protect your kids but there are exceptions to this rule that you and your kids need to be aware of (e.g. the family home and paying off a mortgage/renovations).

- Family Trusts
 - Intervivos trusts – are set up while you are alive, provide legal protection of assets but no tax advantages. May be used to provide for special needs children, hold vast amounts of wealth or other needs – the lawyer will walk you through whether you need one.
 - Testamentary trust – created through your Will on death – can put part or all of your wealth into the trust on death and have it paid to your beneficiaries over time or later. Can provide significant tax savings to the beneficiaries in some circumstances. Legal protection of wealth against divorces. Protect against children who are unreliable spendthrifts. Protect against bankruptcies and lawsuits. Protect against loss through remarriage.
 - Note that beneficiaries should not be the trustees governing over the trust.

POWER OF ATTORNEY – FINANCIAL

- This document comes into play if you cannot function and a doctor/lawyer certifies that someone needs to take care of you now – perhaps you had a stroke, are in a coma, severe car accident or other event that rendered you unable to function or even think.
- This person will be empowered to take care of your finances when this POA is notarized and enacted.
- Write down your wishes and put the information in a known place.
- You should name at least two individuals whom you closely trust. If one resigns or dies, you want to have backups.
- You could also ask to have (and pay for) an outsider like an accountant or lawyer review their actions periodically (e.g. review your bank account for spending).

POWER OF ATTORNEY FOR HEALTH CARE (LIVING WILL)

- This document assists a family to let someone have the right to die.
- If you empower multiple family members with this power, ensure they cannot be stuck in a tie if they vote.
- Each province has specific rules around this document that lawyer can explain.

ONE ESTATE DOCUMENTS ARE COMPLETE

- One copy of the documents left with the lawyer – put the lawyers /law firm’s card where family will find it.
- One copy of the estate documents with us (Kurt)
- One copy with your financial documents at home.
- Maintain an accordion folder at home that has all your key documents inside it – Will, House Deed, Mortgage, life insurance policies, employer info, Safety deposit box key and location, Internet Ids and passwords, copies of keys for car, house, safe, marriage contracts, letters about your Funeral Plans and so on. Keep a detailed roadmap and tell the family where it is – ideally in a desk in your home office. Put names of key advisors on the fridge in the kitchen.
- Plan to review your estate documents every five years with us (Kurt). Even if your plans don’t change, the legal and financial rules can change.

HOW OUR TEAM CAN HELP

Our estate planning skills are one of the biggest advantages of dealing with our team. While you may not need this kind of service very often, we stand ready to immediately assist with the estate of a client. Kurt’s ten year career as a Tax specialized Chartered Accountant at one of Canada’s “Big Four” professional CA firms provides extensive and sophisticated credentials to assist a family with any aspect of an estate matter – from planning an estate today, to when there is one spouse left to when it is just the estate alone to be dealt with.

Kurt at age 45 is well positioned to guide your heirs and your estate, acting as “coach” to executors and trustees on roles and responsibilities, assisting to get tax and legal work done now and in an estate, facilitating the hiring of professionals to sell real estate, cars, antiques and more. And, as a neutral non-family member, we offer impartial advice to children who may not get along. We are local, knowledgeable and have the time to deal with your estate – your spouse or kids may lack these traits. And we know you – having assisted with your finances to date, we already have some of the key documents that form one’s estate – consider giving us the rest of your financial documents.

Every year we unfortunately are involved with two to four family estates – we are proud to play this role of estate advisor and help the family at this hard time.

For more information on how we can specifically assist your estate contact us:

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Income Tax Preparation

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The Wealth Management Practice of Kurt Rosentreter

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