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PRIVATE WEALTH MANAGEMENT

Last Will & Testament

Medical
Directive

LIFE
INSURANCE

ESTATE PLANNING

FINANCIAL PLANNING *and* WEALTH MANAGEMENT



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Kurt is the past co-founder of the billion-dollar wealth management practices at one of Canada's "Big Four" global public accounting firms. With more than thirty-five years of professional experience in Canadian wealth management Kurt is a popular public speaker nationally and can be regularly found in the national newspapers as an expert on personal finance. Kurt has published more than five hundred articles on money in the last two decades and his hard-hitting newsletters are popular with Canadians. Kurt oversees a national practice of wealth management clients where his team of ten assist with all matters of money.

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Aging and Money – A Strategy Talk about the Road Ahead For All of Us

We are all aging. We know it. I turn age 60 in a bit more than a year and I am not ready for it. But I cannot stop it unfortunately.

In my national practice, almost 50% of our clients are over age 60 and retired. We deal with aging and age related financial matters daily. For 35+ years, the team and I have helped people and families to stickhandle through the minefield of age related finance topics and strategies.

I am pleased to provide my first ever summary of age related financial issues and ideas on what to do. Managing financial matters for an aging parent or aging spouse can be intimidating, sad, scary and complex. Always know me and my team are in your corner to help with ANY age related financial issues that you have, and you can contact us anytime for a chat on what to do. With 35+ years of experience and my background in tax as a CA, I aim to provide guidance on complex financial issues.

Memory Loss

If your parent or your partner is experiencing serious memory issues or other challenges with mental capacity, know that you have to act fast because their ability to sign legal paperwork is disappearing. If a lawyer, bank or brokerage can sense that the person is no longer of sound mind, they will not let them sign paperwork to open accounts, change beneficiaries or move money. If they are already considered no longer of sound mind, you can no longer make structural account changes to their finances in most cases. It may be time to enact the Power of Attorney for Personal Property (POAPP) to give the attorney formal control over their finances while they continue to be alive. Putting a POAPP in place can be a tedious process so allow lots of time and patience. Best thing to do is to have a plan in place long before anyone gets to the point they can no longer function – easier said than done if a parent won't co-operate. This is an area where me acting objectively as non-family may be able to get more planning work done with the elderly client than family can.



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Non-Cooperative Family Members

If you have a parent or grand parent who refuses to have a Will prepared or make changes to their estate that even a lawyer, accountant or financial recommends, there is nothing you can do about it from what we have seen. Unless they are deemed no longer to be of sound mind, they still control their finances, even to their detriment.

My recommendation is to put them in front of a lawyer or accountant or both, perhaps with a family friend, but not with kids or other close family who may be beneficiaries. We have had success using neutral non-family to get planning done with a resistant family member.

Localized Trading Authority

Most banks and brokerages have a form you can sign as an account holder that let's you give another person authority to transact in your account. In our brokerage at Manulife Wealth this is called a Trading Authority or TA form. We always have spouses sign this form so they can help with each other's investment account administration. With our TA form, it permits trading of securities, but it does not permit withdrawals. This authorization is basic but comes in handy to get basic account administration completed efficiently between a couple. With aging, the same form can be used between a parent and a child or two friends. But the inability to pay bills, pay income tax or make withdrawals clearly means this approach has limits.

Jointly Held Assets

Joint bank accounts, jointly held real estate, joint investment accounts. You can have two, three, four or more people co-own a variety of assets. Why would you do this? One reason is to simplify management of the account as several people (all owners) will be able to transact. Note that sometimes one alone may be able to transact even if there are four owners – pay attention to what is set up and make sure it matches your goals! Joint ownership can also exclude assets from probate fees on death in provinces that have probate fees. But jointly held assets can also complicate who pays income tax on the annual income from the jointly held rental property or jointly held portfolio of stocks. And when the cottage is made jointly owned with kids, there can be a deemed disposition (sale) at that time

that triggers decades of income tax built up on the property or stocks. So get income tax advice before you make any major asset jointly owned with family. Lastly, joint ownership triggers legal ownership with more people that can lead to exposure to loss of the asset if the new co-owner gets divorced, sued or declares bankruptcy. We have also seen joint asset ownership completely mess up an estate plan because any jointly held assets will no longer go through your Will and instead go directly to the person named as co-owner of the account or the house. Let me say this last point another way: making any asset jointly owned with someone else means this asset goes directly to them on your death and will not be governed by your will. Be very careful with jointly owned accounts of any type.



I've also seen jointly owned accounts abused by family members once they have legal access to the parent's bank account. A joint account lets them withdraw money from the account, sometimes without limits for any reason. I have seen several lawsuits between siblings after one sibling befriended their parent who was aging, had dad make the bank account joint and proceeded to steal dad's money. If you are a non-involved adult child with aging parents, keep your eye on out on legal changes to your parent's bank accounts, investment accounts, house and more that you were not told about.

Powers of Attorney for Property (POAP)

The most powerful way to help others is to enact their POAP which lets you take over full control of their finances. But in many cases, the POAP cannot be enacted without a doctor certifying the person in question is no longer of sound mind or is physically incapable of taking care of themselves. Then a

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notarized (confirming legal letter attached) POAP along with the medical verification can be combined and given to a bank, brokerage or elsewhere to completely oversee that person's finances, including bill payments, tax return preparation and withdrawals of cash.

I have reviewed a lot of POAP forms in 2025 that appeared to lack the wording noted above. The forms failed to outline the medical certification required to use the form and further failed to state whether physical or mental limitations or both entire the attorney to enact the POAP and work on your behalf. Check your POAP, read it closely and understand the process of turning over this great power to take care of you.



Bank Debit Cards and Passwords

If mom no longer has the desire or capacity to manage her banking and she hands you her debit cards and passwords, you should not take them. You have no authorization to transact on her accounts just because she gives you her private information. Besides the optics of your brothers and sisters wondering what you are doing if they find out, legally you have no permission to go into her accounts.

And to go one step further, if mother died last week, you should have notified the bank of her death, and the bank will freeze all the bank accounts pending resolution of the estate. If you are still paying bills with mom's debit card a month after her death, you are massively offside on the rules, not to mention the bank or brokerage will look at you as potentially untrustworthy and a rulebreaker. This will only make it harder for you to settle the estate. When mom dies, destroy the cards.

Issues with Adult Kids

If your siblings have not advanced with careers and wealth as well as you have, this can lead to them trying to coerce money from an aged parent, outright steal from bank accounts of mom or dad, pressure parents to give them money and also means they may not have money to chip in for mom's nursing home costs. Beware adult children who are overly close to aging parents, live nearby to the folks, don't share information about

family finances and otherwise act suspicious when you ask about the parents' finances. Never leave one sibling to manage all of the elderly parent's finances.

Equally challenging is the adult son that still lives with mom and dad at age 60 and is never leaving their house. This can complicate mom and dad's estate plan when most of their wealth is tied up in the house that needs to be sold on their death and the proceeds shared with all four kids. This may be tough to execute with no established estate plan and brother living in the basement. And let's be clear – dear brother knows he lives in a home he cannot keep when the parents die. Make sure he doesn't take his parents to city hall to change title to him before they die, effectively stealing the house from his siblings. Who's name is on the property tax bill is an easy way to see who the legal owner of the home is.

US Citizens

Still with family members, anyone who is a U.S. citizen should not be named as a Power of Attorney, executor or trustee in a parent's legal estate documents. Even how the parent gives a U.S. citizen child money while alive and also through the estate someday needs to be carefully planned to avoid U.S. tax complexities for the kid who is the U.S. citizen.

Real Estate

A primary home, rental property or vacation property are likely big-ticket expensive assets that you own. As well, often kids have emotional connections to real estate like a family ski chalet or cottage. There are often huge, huge income tax complexities in real estate on death that vary by the type of real estate – your home may be taxed differently on death than a rental property or cottage. Plus real estate is illiquid. It cannot be sold fast like a stock or bond.

With real estate often dominating the total value of a person's estate, and the estate being shared by many heirs, it's likely the real estate may need to be sold, regardless of what heirs or the parents want.





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Rarely is it a good ideal to leave a rental property or a vacation home to a bunch of children together. This becomes a ticking time bomb of future disagreement. Even less attractive is real estate in foreign countries that can also face foreign tax complexities too. Real estate owned through a corporation can be far more complex. Examine all embedded income tax for all real estate you own long before you are gone and have a plan on how to pay the taxes for real estate you don't want to part with. You may need to buy life insurance as a means to pay the taxes. Or you may want to sell the property long before you are gone. At a minimum you need clear no exception plans in your Will that guide the executor on the plans for the real estate, including selling it all if the children don't agree.

Tax Free Savings Account (TFSA) beneficiaries

You should have a successor holder with a TFSA to leave the account to a spouse on your death. Make sure you are set up with your TFSA and your partner as a successor holder.

If you are single or the last surviving spouse, it becomes a different conversation about the beneficiary as the tax free status will be lost. So recognize when there is one spouse left, planning can get way more complicated.

Also, you can select people (spouse, kids, family trust, etc) or your "estate" as the account recipient on your death. All have different tax and legal implications that you should understand before you sign off. Make sure you update all designations like this after a divorce also.

RRSP and RRIF Beneficiaries

For both of these types of accounts you can have a stated beneficiary that will receive your account balance on your death. If you have a spouse, they will likely be the named beneficiary (although they don't have to be) because the RRSP or RRIF rolls over tax deferred to your partner on your death. You can also state the beneficiary to be your estate, in which case the money from your RRSP or RRIF will be liquidated on your death, taxed and the money paid to an estate bank account to become part of your estate that your Will governs.

Importantly, when you name a person as the beneficiary of your TFSA or your RRSP or RRIF, that means they get your account directly and the account proceeds do not go through your Will. Is that what you want? Or will this designation create an estate distribution imbalance that will leave heirs fighting because one child got the RRSP or RRIF and the others did not?

RRIF Taxation on the Second or Final Death

If you designate your RRSP or RRIF to go to a person on your death that is not your spouse, you will trigger the full taxation of the balance of the account being taken into income all at once. There are few exceptions to this. The tax liability will fall in the estate and will need to be paid to CRA by the executor. But note that the full pre-tax value of the RRSP or RRIF will be paid to any stated person beneficiary. Ouch. That means the beneficiary doesn't have to pay the tax cost of their inheritance and instead the estate does. If the estate is divided among different stakeholders, this can create a massive inequity in distributions if this was overlooked in the planning.

Foreign Assets

Whether it is farm real estate in Germany, a second home in Barcelona, bank accounts in Hong Kong or a condo in Florida or investment accounts in Panama, foreign assets can greatly complicate your estate or even if you become incapacitated in old age. How can your kids sell the real estate in Germany when they don't speak German? How can your kids pay the property taxes on the condo in Florida when they have not been set up with that authority to do so? Foreign assets you own need their own plan as you age for what you want to see done with them.

Sell foreign assets and repatriating the money back to Canada may simplify finances, depending on individual circumstances. If you are too emotionally close to the real estate or foreign bank account then talk to the family about what everyone wants to see done. Note that while you own these assets during your lifetime, all income and capital gains earned from these assets owned around the world are usually fully taxable annually on your Canadian tax return as a resident of Canada.

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Second Marriages

Among the most complicated situations we deal with is second marriages where there may be several families, present and past, that have a say in your assets and income in your old age and on death. While protecting the kids may be a goal, you need to strike a balance between also protecting your new partner. Tax, legal, cashflow, estate and emotional viewpoints all need to be considered and may need to involve the preparation of a cohabitation agreement if you don't already have one. This often involves both sides getting their own family law lawyer to sort out differences and agree on a common plan to sharing and support.

Separated Couples with no Legal Parting of the Ways

Absolutely a nightmare waiting to happen is couples who have separated but never formalized a separation agreement or divorce. Then one of them gets disabled. Or dies. Perhaps there are new relationships. Or children from one or two relationships. And no road map if there is no separation agreement or worse, no powers of attorney form or Will. It could take years to sort this out legally, tens of thousands in legal fees and a lot of anger and bad blood as loved ones past and present fight over the assets.

Personal Assets

Dad's favourite watch, mom's wedding ring, a Christmas tree ornament and similar emotionally charged assets with 40 years of history attached to them will cause the biggest fights in an estate – give them away before you die or at least have a plan for who gets what. I have literally walked through a house for a deceased client and turned over the paintings on the wall to see initials of people they wanted to get the portrait. That's good enough. Have a plan.



Probate Costs in Some Provinces

Some provinces like BC and Ontario charge roughly 1.5% on the market value of qualifying estates as a tax on death. What qualifies? Assets in single name – a bank account, investment account and real estate with only one person as the owner. There are strategies to consider to avoid probate but they need to be balanced against impact on estate distribution, income taxes triggered and legal exposures triggered. Don't go crazy trying to avoid probate when it could do more to disrupt your broader estate than you save in probate on death, once.

Making Changes to Assets Once A Parent has Dementia or Similar

Once a parent is considered permanently incapacitated, they can no longer sign account or legal documents, so nothing can change anymore.

And if you try to use a Power of Attorney to set up new accounts, change beneficiary designations or change a Will, you cannot. There are limits to the Power of Attorney – you cannot use it to change the person's past wishes when they made those decisions.

Changing a Mailing Address

Know that changing a mailing address is a big deal in the banking and brokerage world. You are redirecting information away from where the client wanted their statements to be mailed so they could view them. A bank or brokerage statement is a form of control to allow a client to verify transactions are legitimate when they review their statement and transactions monthly. Changing addresses require a signature – you cannot email in a change of address.

Healthcare and Aging

Our team is very actively involved in planning advanced health care services and cost affordability and payment with clients and their families. We routinely hold regular client meetings in retirement homes as well.

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The cost of healthcare in Canada can be a stress point for many families. Talk to us if you have questions about provincial government free support services, private care, private medicine, home care, facility care, what budget of cost you can afford critical care insurance, long term care insurance, health and dental insurance, income tax deductions and tax credits for age related costs and more. Also read our health care newsletter written a few years ago!

Income Taxes Triggered Under Various Circumstances

Making an investment account joint can trigger new income taxes.

Putting you on title of your mom's house or cottage or rental property can trigger big income taxes.

Designating a child as a beneficiary of a TFSA, RRSP or RRIF can trigger big income tax surprises on your death and lead to unequal estate distributions.

Don't sign anything adding a person to legal ownership without understanding the tax and legal issue associated with these changes.

Scams

We are currently seeing our clients scammed out of money at the rate of one per month. Some clients are convinced to buy pre-paid credit cards and give codes to scammers who then liquate the money balance on the card. Others turn over access to bank accounts and credit lines only to have money stolen or debt run up. The scammers are good, making it hard to differentiate real from fake.

First, stop using debit cards entirely. Only use cash or credit cards for payment to create a more accountable and safe way to make payments. Second, never provide personal information to anyone that asks for it. When in doubt, go to a bank branch and ask if the email or call is real – or call us! Often the scammers tell you not to talk to anyone – that should be your first warning this is fake.

Also know that your brokerage accounts with us are very safe because brokerage accounts are not the point of access of money in and out of public hands. We can only mail you a cheque payable to you and mail it to your home, or EFT money to a bank account you pre-established with us. It is credit cards and bank accounts that are the front line of trouble, not brokerage accounts.

Death and Finances

I personally have dealt with estate work for 35 years and can direct you on most aspect of estate work after death. Lean on our team with any questions at any time about estate topics.

Notify all financial institutions of the death of the person within a few weeks of the death, the sooner the better. All accounts and assets will be instantly frozen, pending resolution of the estate. This is normal. Expect an estate to take 1-2 years to

completely finalize. Tax returns for example, won't be due until the following year and an estate tax return the year after that. Probate will take six months or longer if it is needed. We have good checklists in the office on what to do if someone passes away and what is involved with being an executor and how to plan your estate so reach out if you want any of these materials.

Life Insurance

Make sure all life insurance policies have up to date mailing addresses for your annual statement and that your beneficiaries are accurate. For beneficiaries of the proceeds on death, you have a few choices: name a corporation if the policy is owned by the corporation, name a trust, name the estate itself or name people's names. Different beneficiaries can have wildly different estate distribution implications so selecting an entity or a person requires careful thought.

Corporations

Perhaps you set up a corporation as part of your career or a holding company to hold a rental property or securities. Boy oh boy, have you created a pile of complexity at your death.

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First, make sure you have set up officers and directors of the corporation today to ensure the corporate can be operated if you got sick or died. Second, understand the unique tax implications on death of having a corporation. It could take 3 years and \$100,000+ in fees to deal with your corporation after death. Have a strategy to deal with the corporation during your lifetime and after you are gone. Have an active relationship with an estate lawyer to do your estate legal work. Note the lawyer that creates your estate documents doesn't have to be the same lawyer that your heirs go to for the estate dealings someday.

Getting Old

So you are getting older and getting tired of dealing with your finances? Want some help from a spouse or kids or a friend? Not easy.

Your power of attorney likely doesn't cover "getting old and tired". Your legal wording didn't permit that reason to let someone else step in and help.

Adding one or all children to joint ownership of your bank account gives them legal control of the asset and exposes it to loss – a lawyer may not encourage joint ownership. Not to mention you cannot do any joint ownership with RRSPs, RRIFs or TFSAs. So what are you going to do if you need help with these assets?

You have to decide how far you want to go in getting help in old age and appreciate what your options are. We are here to talk when you are ready.

No Family or Close Friends

It is possible in old age that you are left alone with all family and friends pre-deceased. Perhaps you didn't have children. And now it is just you. Who can you use for your Power of Attorney for healthcare or finances? Who can you use as your estate executor? Who do you leave your estate to?

Fear not, there are lots of choices to consider. Professional organizations are willing to complete these helping roles for a fee. There are a long list of charities and causes to leave your money to on death. You can even select young people like nieces

and nephews to play a role in your finances and estate and know that as long as we are your financial partner that we would guide them every step of the way, objectively, until the work is done.

Finances Don't Happen 9/5 Monday to Friday

We long ago realized as a team there are times when you need to reach us on a Saturday night or a Sunday morning due to a health crisis or a death.

I have run to hospitals to have a client sign joint account paperwork on their deathbed or triple checked an RRSP beneficiary for someone in late stages palliative care.

Call or email anytime and we are watching out for that difficult contact. We are here for you.

FINAL THOUGHTS

The final 20 years of life are likely some of the most complex financial years for all of us. You have the most money and assets of your entire life. And you likely have the many new family members.

In this newsletter, we scratched the surface of many living and estate matters that happen to people. Perhaps you have questions. Know that our team is a sound resource for age related issues and a champion in your corner to guard your best interests.

In your corner,

- Kurt & team

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