



Estate Planning: For Today and Tomorrow

*Life's Long.
Be ready.*



Talvest Fund Management



What is Estate Planning?



A definition:

- Long range personal planning aimed at ensuring your assets and earnings do you the most good while you are alive, and your heirs the most good after you die

Motivations to Plan Ahead



Fundamental Reasons and Motivations to plan ahead:

- 1) Ensure you have adequate funds to cover costs associated with your estate
- 2) Preserve your wealth by minimizing taxes and keep as much as possible for beneficiaries
- 3) Ensure assets are dealt with in a timely manner and ensure fair distribution of assets upon death

Motivations (continued)



- 4) Designates charitable gifts and declares personal care preferences
- 5) Ensures business continuity if you own or manage a small business
- 6) Identifies individual chosen to carry out your last wishes
- 7) Designate who will care for minor children

Estate Planning: Steps to Consider



1) Designate professionals to assist you in creating an estate plan

- Financial Advisor can add value by determining goals for the estate, cost-benefit analysis, planning, management of portfolios, and be a liaison with beneficiaries
- Lawyer: review estate goals, draft wills and power of attorneys, and provide direction and strategy
- Accountants: advise on tax implications of various strategies and tactics

2) Understand your Life Insurance Needs



Insurance types to consider:

- Whole life (investment and provides a death benefit; builds a cash value that's tax deferred)
- Term (no cash value; less expensive)
- Universal Life (tax deferred savings component and an investment component)

Why consider Life Insurance?



Ability to replace income: family may have no income once main income producer dies

Leaving an inheritance

Ability to pay estate expenses:

- Often underestimated what the real costs of funerals, income taxes, etc. will be

Creating a Will



Objective:

- A) administer and pass on assets
- B) Naming of executor
- C) Name a guardian for minor children
- D) Express wishes for your assets will be used and distributed

Power of Attorney



Establish Power of Attorney for Personal Care:

- Includes direction to be taken with respect to health care, nutrition, shelter, clothing, etc.

Establish Power of Attorney for Property:

- Two forms: General: covering all aspects of your financial affairs
- Limited: limiting the scope of powers you give to your designates

Executor's responsibilities



- **Prepare statements of assets and liabilities and settle any liabilities claims**
- **May need to submit will for probate and make funeral arrangements**
- **Complete life insurance claims and collect proceeds**
- **Distribute assets and property to beneficiaries according to will instructions**

Executor's responsibilities



- **Invests, manages and distributes funds held in ongoing trusts**
- **Ensures the filing of final income tax returns**

Distribution of an Estate



- **Outright distribution: the property is handed over to the beneficiaries to do with as they please.**
- **Trust: the assets are held in trust over time. Income is paid from the trust to the spouse for life, and the assets are given to the children.**

Minimizing Probate Fees and Taxes



Probate: legal process that validates a will

Prudent to attempt to reduce probate costs

Methods of reducing probate fees:

- Ensuring spouses are made beneficiaries of RRSP's and RRIF's
- Making non-RRSP investments as joint tenants, with rights of survivorship
- Holding real estate as joint tenants
- Naming a person, not your estate, as beneficiary of life insurance policies and annuity contracts

Probate Fees



- **Setting up a living trust: Assets held in trust do not fall into your estate after death. Upon death, the assets of a trust pass to the beneficiaries as per the terms of the trust document, and not the will**
- **Should investigate the tax implications with an expert**