

## An estate plan aids in the transition of assets to the next generation, potentially preserving family harmony and avoiding excess taxation

### THE CRYSTAL DECANTER

Before my grandmother died almost two decades ago, she created a rudimentary estate plan and documented her wishes in a will. When her estate was being settled, the executor made certain to ensure that specific items intended for her children and grandchildren were disbursed appropriately. I received a crystal wine decanter and a share of the family cottage where we enjoyed many summers growing up.

A common mistake many make is believing that estate planning is just for wealthy clients. It isn't. It ensures the seamless transition—financially and emotionally—of assets to the next generation.

Joint-ownership of vacation property can be problematic, especially when people live in different cities or provinces. We were fortunate to preserve family harmony, as new owners we agreed to sell the property and split the proceeds. It worked, but could there have been a better approach?

### BEYOND THE WILL

The cornerstone of any estate plan is the will. Whether a baby boomer, millennial or member of Generation Z, having an up-to-date will is important. A will is an expression of an individual's personal desires, outlining how they would like their affairs managed once they are gone.

A smooth and effective transition of assets to the next generation can play a role in preserving family harmony. What if two people have sentimental attachment to an antique crystal decanter?

If someone dies without a will, they are said to have died "intestate". This means that there are no instructions as to how assets and property are to be divided and distributed. Essentially, the government gets to decide what happens to any property left in the estate.

### THE ESTATE PLAN

A will can't be created before addressing some fundamental questions. Fortunately, answers can be captured in a conversation dedicated to putting together an estate plan. Who will act as your executor? Do you require a professional? If you have minor children, who will be responsible for their upbringing? What happens to any bank accounts, investment accounts or debts and obligations?

While there are no inheritance taxes in Canada, there are estate taxes. In the year of death, all assets are deemed to have been sold, effectively crystalizing capital gains on assets and property. For those with significant investment holdings, this can result in a large tax bill. Gifting to charities before death, setting up trusts or using the proceeds of life insurance are common strategies to mitigate the tax due on death. Of course, the larger the estate, the more options become available and the more important planning becomes.

Fortunately, much of this work can be done ahead of time, leaving less for the executor or your heirs to manage.

## START AT THE BEGINNING

From our perspective, a good estate plan begins by reviewing your personal goals and objectives—what do you want? As a starting point, consider the questions posed in the chart on the right.

## GET PROFESSIONAL ESTATE PLANNING

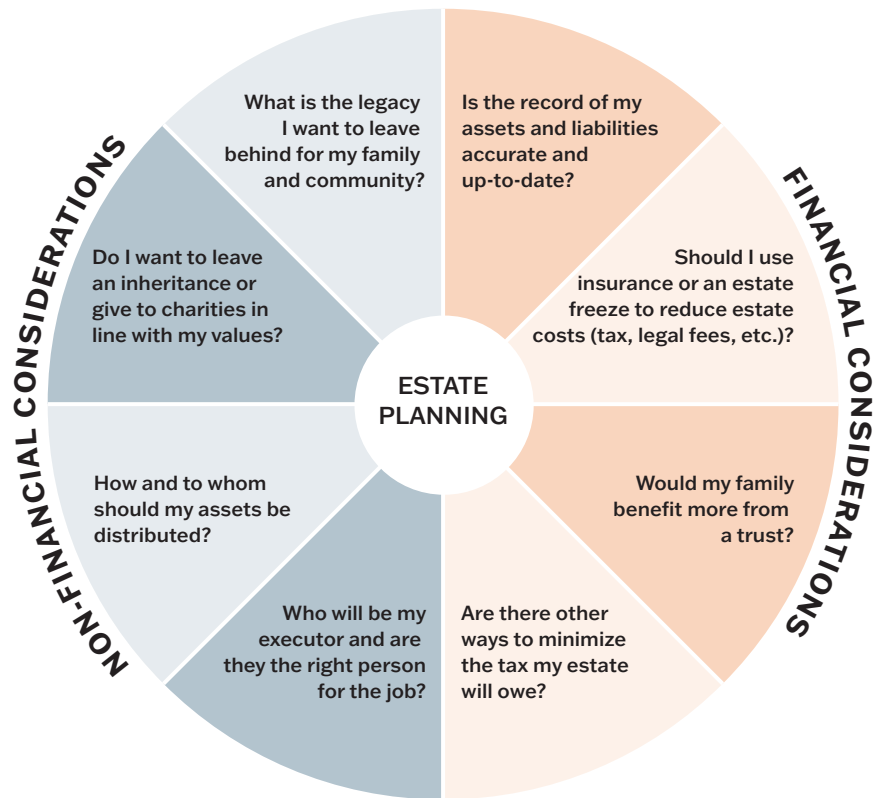
As the value of your estate grows—investment assets, primary residence, vacation properties and even collectibles and digital assets—it becomes even more important to look at different ways to build a comprehensive estate plan. Estate freezes, family trusts and charitable foundations may provide significant advantages to larger estates, but even smaller estates may benefit from proper planning.

We recommend that all clients—regardless of estate size and investment sophistication—consult with a seasoned and trained professional who has considerable expertise in estate. If you are not currently working with such a professional, we can introduce you to our colleagues at Raymond James Financial Planning, who are experts in this type of work.

## JUST PLAN

Once a plan has been created, it should be reviewed regularly as your financial situation may change over time. Your named executor may no longer be able to fulfill their obligation, for example. Also, updates to provincial legislation may impact your estate plan.

Nobody likes discussing death and estate planning. A proper estate plan provides comfort that your affairs are being dealt with effectively and efficiently.



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