

Live your dream.

Estate Planning: Protecting Your Heirs and Beneficiaries

BOOK 2 OF 3

Let's Review Why and Who We Are Making an Estate Plan For

A key influence and motivating factor for many people when it comes to estate planning is the care and concern for their family and loved ones. They want to provide an enduring legacy for those they love and will leave behind. In this portion of our estate planning series, we will provide you with strategies that specifically serve to protect the people your estate plan is for, your heirs and yourself.

Finding true peace of mind

Estate planning is not often something that gets top priority on our to-do lists, but the people we are ultimately doing it for, are a top priority, which is why it is important to change this mindset. A little time invested now can prevent costly legal and financial troubles later, not to mention the more people-related issues not having a plan can create. Estate planning is really “people planning.” This eBook highlights the various tools available to you that will help you protect, build, and preserve your assets, so your heirs will receive the legacy you intend to leave them.

The first person to protect is you

You are your own best asset. You're the one who built and continues to build on the assets that make up your estate, and with the careful guidance and expertise of an advisor, you can ensure it grows and endures. Therefore, the first line of defence for your estate is compensating for a potential loss of capacity, should you one day require long-term care, suffer from a serious illness, or pass on prematurely.

And then, of course, you've got heirs to protect. Legal issues, such as a contested will or the transfer of your business can also pose a significant risk on the value of your estate and leave your assets and heirs vulnerable.





It's never too early to plan your estate

No matter what stage of life you're in, having a solid plan for your estate ensures your wishes are honoured and your beneficiaries receive the legacy you intend. Here is a refresher on the steps we recommend to get started:

- 1 Read this 3-part series on estate planning and become better informed about what is involved.
- 2 Start the process as early as possible and avoid doing it under stressful circumstances or environments.
- 3 At the start of the planning process, talk with your family and heirs. Tell them your intentions and wishes to ensure they understand what you're working to create. They may not know or understand your intentions and may even have information you may want to consider before you make your final plans.
- 4 Work with an experienced financial advisor who is qualified to assist with estate planning.
- 5 Have an up-to-date, properly drafted will and power of attorney in place.
- 6 Ask your advisor to introduce you to specialized accountants and lawyers as needed.
- 7 Involve your executors in your estate planning process.
- 8 Introduce your financial advisor to your heirs and executors so they can work together more easily when the time comes. It will also ensure it is not an emotional or stressful time the first time they meet.
- 9 Communicate your final estate plan to your family, heirs and executors so they understand your decisions and what has been put into place.
- 10 Update your plan regularly as your situation changes. Be sure to keep your heirs aware of any changes.



People-oriented protection strategies

There are some common strategies to consider including in your estate plan to protect both yourself and your heirs from influences that are not specifically financially based, such as health, the law, business, and family emotions and stress. Here are three to consider:

1

INSURANCE

There are several insurance products that can assist in protecting the value of your estate if you become ill or suffer an untimely passing.

Here are three types of insurance to explore:

Critical illness coverage

Did you know that one of every two people living in Canada will develop cancer during their lifetime?¹ Given the advance of modern medicine, 63 percent of Canadians diagnosed with cancer can expect to survive.² These stats highlight the importance of planning for an illness.³ In addition to the physical and emotional strain of a critical illness, the financial impact can be enormous. We do not want to scare you, but rather inform you that health is a factor that may impact your estate.

Critical illness insurance³ can provide you with a lump sum payment should a serious illness strike. You may want or need to use this money to offset lost income, fund out-of-country treatment, or pay down debts while you focus on getting well.

Long-term care insurance

Canadians are living longer than ever before, and there is a good chance you may require care in your later years. Whether it's in-home or in a special facility, most provincial insurance plans cover only a portion of long-term care. A long-term care policy may assist in funding your care in your later years and assist in protecting your assets from being eroded by covering these healthcare costs.

Life insurance

A good life insurance⁴ policy is a critical element in all estate plans. The coverage can protect your family in the event of your passing, for example, by paying off the mortgage. But once your family is past school age and grown and you're more established, your life insurance can transform from a tool to protect your family, to an asset in your estate. The instructions for how you may wish to have these funds used after you pass can change over time for these reasons. You may wish to direct them to a favourite charity or a specified individual.⁴

2

LEGAL CONSULTATION & DOCUMENTATION

Having properly drafted legal documents can ensure your wishes are carried out by your executors and heirs. Be sure you work with an experienced estate planning lawyer, who can navigate complicated issues

such as family businesses and blended families. If you don't already have a lawyer, your financial advisor may be able to connect you to the right one.

Powers of attorney

If you become unable to make decisions for yourself, who would you trust to make them on your behalf? There are two key powers of attorney⁵ documents your lawyer can help you prepare:

- A general power of attorney is a legal document that can give your attorney authority over all or some of your finances and property.

- An enduring or continuing power of attorney is a legal document that lets your attorney continue acting for you if you become mentally incapable of managing your finances and property. It can also give your attorney authority over all or some of your finances and property.

It is important to note that each province and territory has its own laws relating to powers of attorney. We recommend you get legal advice to be sure that your document is valid based on the province you reside in, and to fully understand what abilities and power you have given your power of attorney. Preparing now can save you and your family the emotional stress and potential conflict of having to make decisions about your finances and care if your wishes are not known or can no longer be communicated.

Your will

A carefully drafted will⁶ is a legal document which outlines how you want your estate to be divided after your passing. It sets out precise instructions which will help your estate representative deal with your estate when the time comes.

You're not legally required to prepare a will. However, if you don't have a will, the laws in your province or territory will determine how your estate is divided. Provinces and territories set the laws for estates.

The right executor

Being an executor⁷ can be a large, complex job. As you think about who you want to take on the job, consider who will ensure the instructions in your will are carried out, it's important to remember it requires time and expertise to manage an estate properly. While some people

appoint a family member, others choose to work with professionals who have both the experience and perspective to execute larger, more complex estates. A financial advisor can work with you in selecting the right executor to meet your situation and will support your executor when the time comes.

A marriage contract

If you're planning to marry (or remarry), it's important to understand how this can affect your estate. In some cases, for example, the validity of your previously signed wills could be impacted due to your marital status. That's why a marriage contract⁸ is a good idea if you or your spouse are bringing significant assets into the marriage.

With a contract that clearly states how you will divide your assets if the marriage breaks down, or how your assets will be handled if you pass on, your estate value is protected, and your wishes can be honoured.

3

BUSINESS SUCCESSION PLAN

You've worked hard to build your business so if you intend to pass it on, you will need a plan⁹ in place to ensure the value of the business survives the change in ownership. For this, you will need to work with a financial advisor, specialized consultants and accountants depending on your business type, how established and stable the business is, and the overall size of your business. Your financial advisor can help you understand these strategies in more detail and suggest other ways to protect and preserve the value of your assets.



The Value of Advice

Estate planning can be a complex and daunting task.
**An IPC Advisor can help you understand, select, and
combine the strategies available that will work best to
protect you and the people you care for.**



Sources:

1. Canadian Cancer Society, Canadian Cancer Statistics, 2014
2. Canadian Cancer Society Advisory Committee on Cancer Statistics, 2014
3. Critical Care Insurance, Canada Life Website, Copyright 2014
4. Life Insurance, Canada Life Website, Copyright 2019
5. What every older Canadian should know about: Powers of attorney (for financial matters and property) and joint bank accounts, Government of Canada Website, Updated Oct 2016
6. Making a will and planning your estate, Government of Canada Website, Updated June 2018
7. Ontario Estate Law: Executor Duties, Ontario Probate Website, Updated 2018
8. What is a prenup or a marriage contract?, Steps to Justice Website, Reviewed July
9. Business Succession Planning 101, IPC Private Wealth, Copyright 2018

Additional Resources:

Wealth Transfer 101: How to talk to your heirs about their inheritance, IPC Private Wealth, 2017

The Art & Science of Estate Planning: provided by Investment Planning Counsel Inc.

Prior to implementing any strategies contained in this document, Individuals should consult with a qualified Tax Advisor, Accountant, Legal Professional, Financial Advisor or other professional to discuss the implications specific to their situation. Estate law, including wills, powers of attorney and probate fees, vary and are governed by each provinces and/or territories. Please review provincial laws based on where you reside.

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