

WILL & ESTATE PLANNING 101

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MODULE 16 – Financial Literacy Program

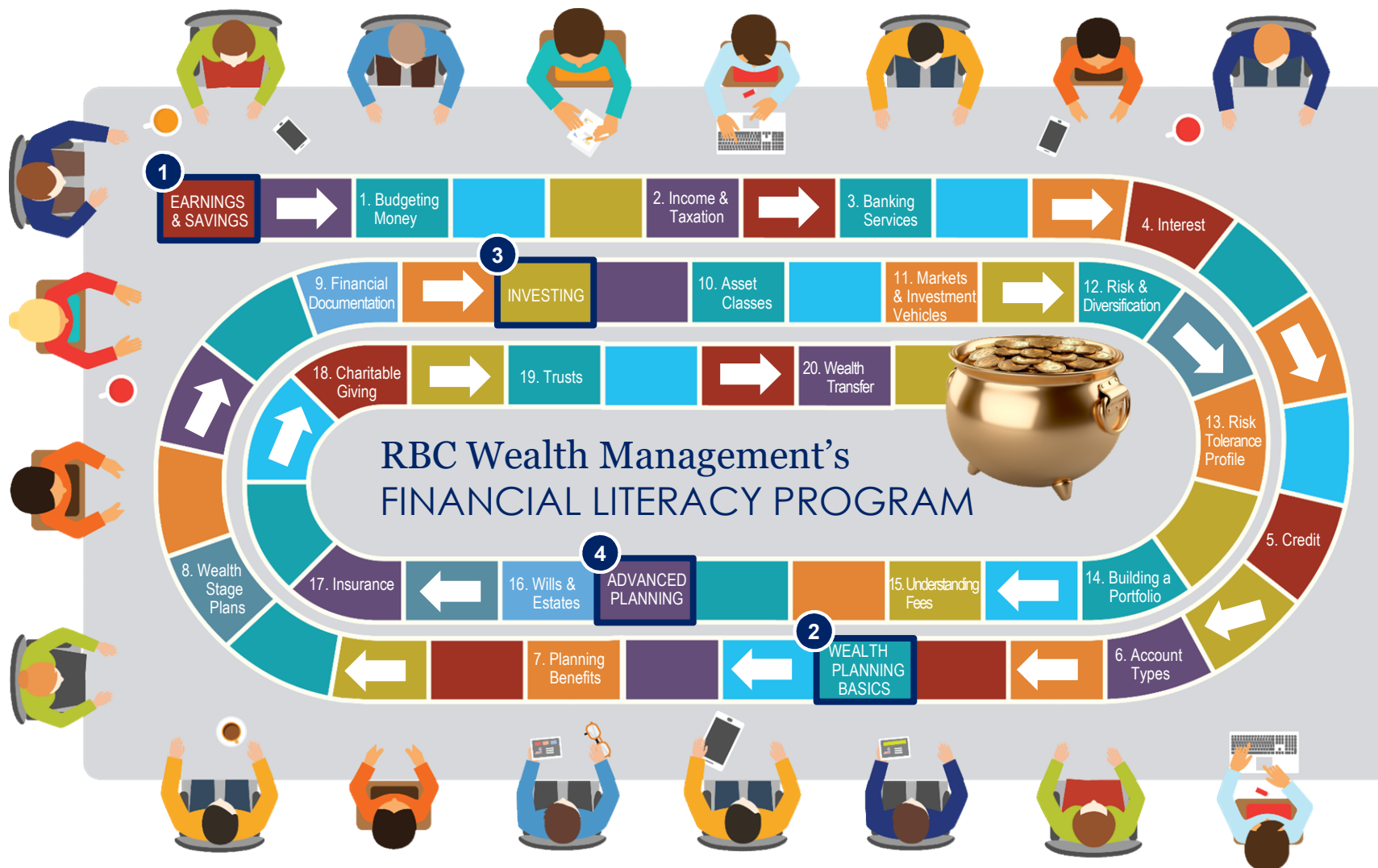
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Wealth
Management

Financial Literacy Program – At a Glance



INTRO

Do You Have a Will?

GENERAL FACTS

→ In Canada, 56% of adults do not have a signed Will



→ Of adults aged 27-34, 88% do not have a Will



→ Many do not know how to start the process

→ Most believe they are too young

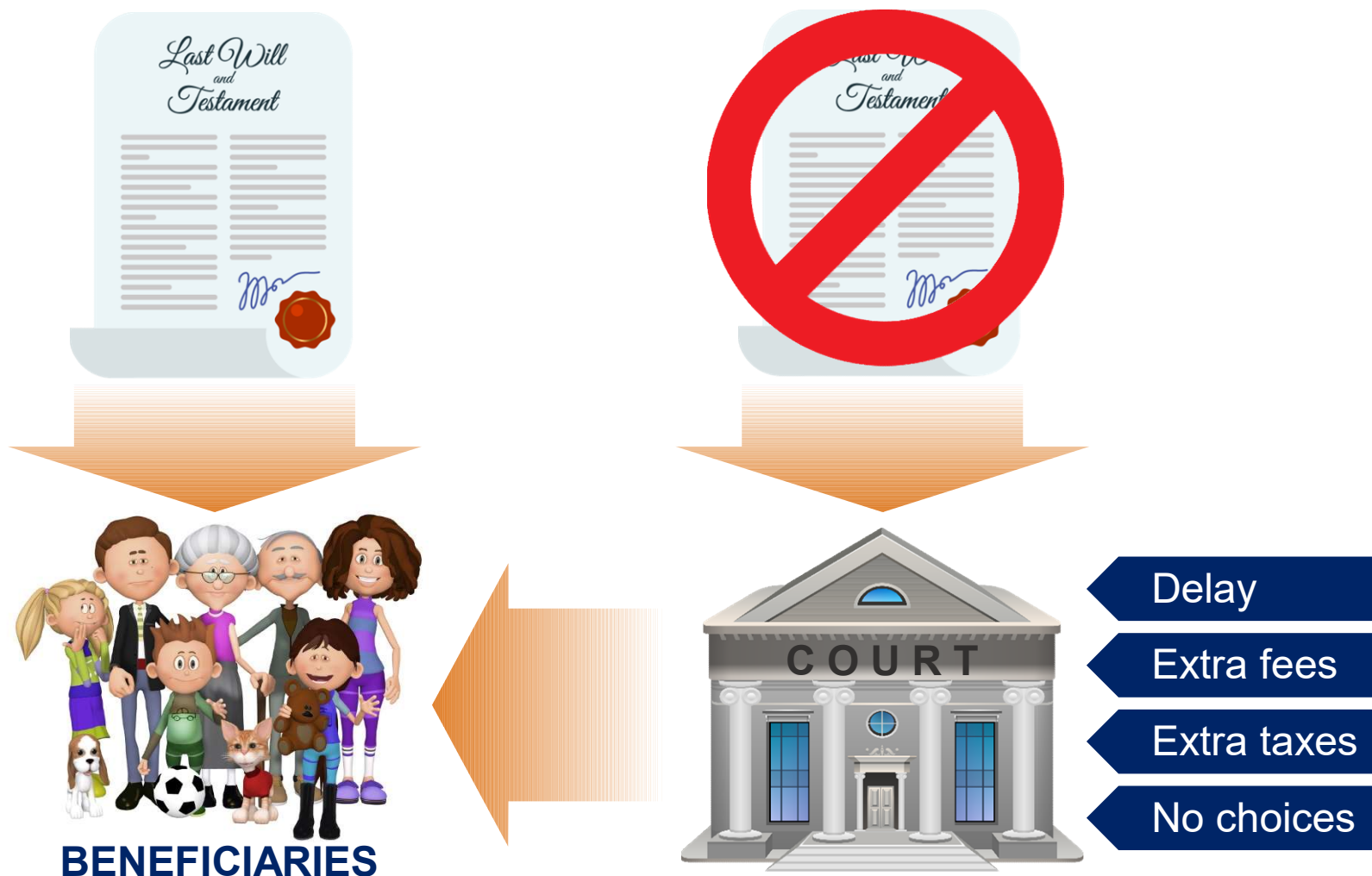
Agenda

PART 1	Types and Benefits of Having a Will
PART 2	Preparing an Inventory
PART 3	Defining and Evaluating Your Objectives
PART 4	Tax and Probate Rules
PART 5	Asset Transfer Methods
PART 6	Incapacity Planning
PART 7	Life Insurance Planning
PART 8	Reviewing and Updating Your Plan



PART 1

Benefits of Having a Will



PART 1

Types of Wills



FORMAL

- Created by lawyers
- Not ambiguous
- Signed in front of two witnesses
- Recognized across Canada

HOLOGRAPHIC

- Handwritten
- Not recommended due to ambiguous nature
- Can be easily misinterpreted

PART 2 Estate Planning Overview

1

PREPARE AN INVENTORY

- What do you own?
- What do you owe?



3

DETERMINE YOUR COURSE OF ACTION

How do you transfer your assets?

2

DEFINE AND EVALUATE YOUR OBJECTIVES

- Who are your inheritors and why?



REVIEW AND UPDATE YOUR PLAN

- Is your Will and Estate Plan up to date?

COMPLETE YOUR ACTION PLAN

- What is your incapacity plan?
- Have you considered life insurance?



PART 2 Preparing an Inventory

ASSETS

Home/Vacation Property

Bank Accounts

Registered Accounts

Jewelry, cars etc.

Value of business

Pension

Insurance

LIABILITIES

Mortgage

Debt

Credit Cards

IMPORTANT INFO

LOCATION OF:

Will and POA

Birth/Marriage Certificate

Deeds

Insurance Policies

Divorce decree

Digital passwords



THE FAMILY INVENTORY

<http://www.rbcwealthmanagement.com/ca/static/documents/the-family-inventory.pdf>

PART 3

Your Objectives

1

PREPARE AN INVENTORY

- What do you own?
- What do you owe?



3

DEVELOP A COURSE OF ACTION

- How will you transfer your assets?



2

DEFINE AND EVALUATE YOUR OBJECTIVES

- Who are your inheritors and why?



4

COMPLETE YOUR ACTION PLAN

- What is your insurance plan?
- Have you updated your insurance?



REVIEW AND UPDATE YOUR PLAN

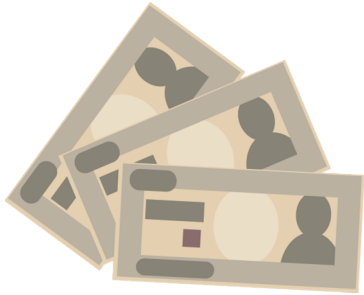
- When should you review your Will and Estate Plan?
- How often should you update it?



PART 3

Defining and Evaluating Your Objectives

OBJECTIVES



How do you want to support them?



Who are your beneficiaries?



Which charities will you support?



How should you leave the family business?



Are you transferring your assets in a tax efficient manner?



PART 4 Tax Planning for Asset Transfer

1

PREPARE AN INVENTORY

- What do you own?
- What do you owe?

3

DETERMINE A COURSE OF ACTION

- How will you transfer your assets?

2

REFINE AND EVALUATE YOUR OBJECTIVES

- Who are your inheritors and what do you want to pass on?

4

COMPLETE YOUR ACTION PLAN

- What is your incapacity plan?
- Have you considered life insurance?

5

REVIEW AND UPDATE YOUR PLAN

- Is your Will and Estate Plan up to date?

PART 4 Tax and Probate Rules

GENERAL RULE

In Canada, there is no true “Estate Tax”.
Instead, there are three potential taxes that may be incurred at death.

1

Income tax due to deemed disposition

2

U.S. estate tax on your U.S. assets

3

Provincial / Territorial probate fees



PART 4 Tax Rules: Deemed Disposition

1 What is a Deemed Disposition?

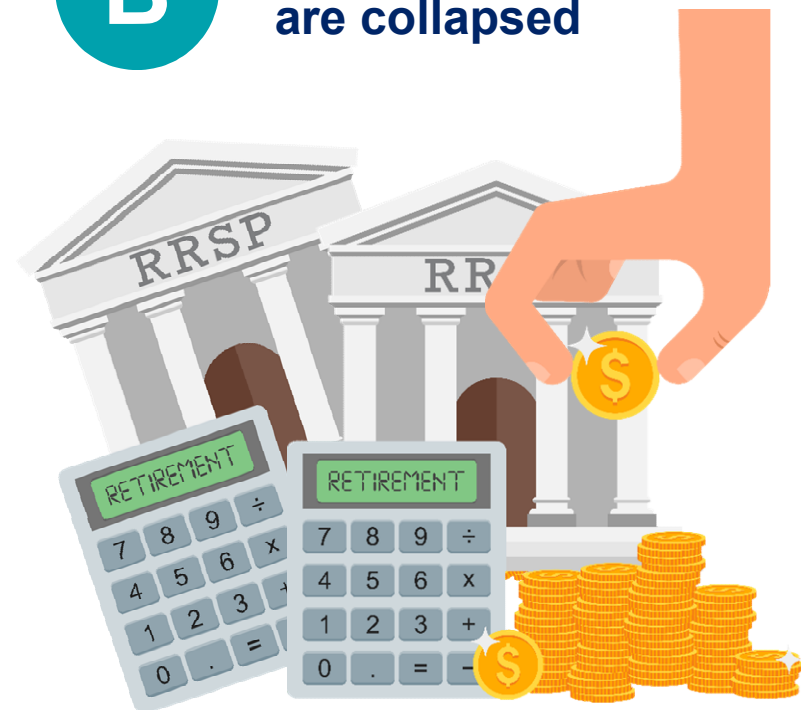
A

Capital gains are automatically triggered



B

Registered accounts are collapsed



3

PROBATE

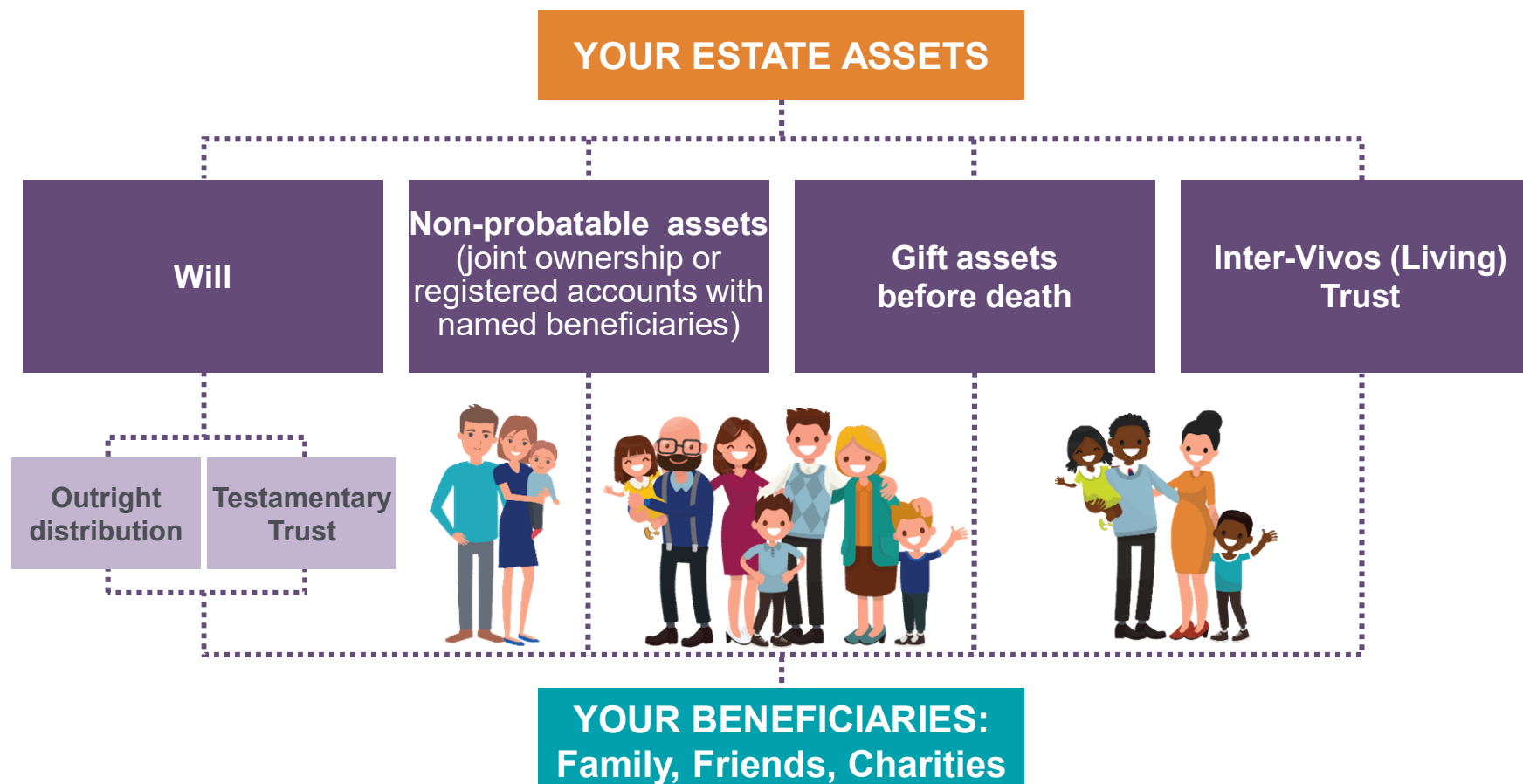
The official proving of a Will through a Provincial / Territorial superior court.

EXECUTOR TIPS

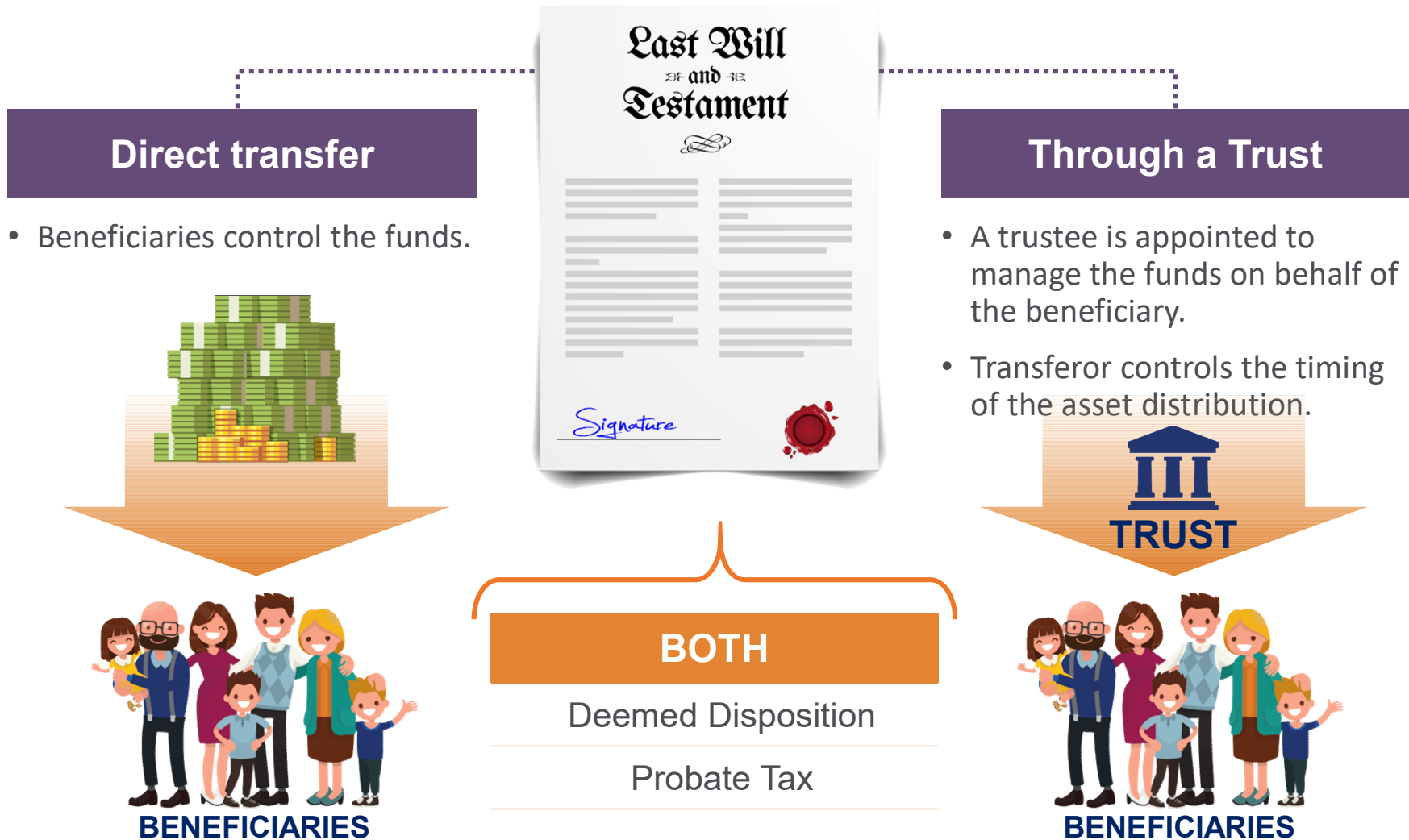
- A Will may require probate
- Probate fees will be applied
- Tax rates vary by province / territory (1.4% of the total estate assets in BC).



METHODS OF TRANSFERRING ASSETS IN YOUR ESTATE



PART 5 Asset Transfer Methods: A Will



PART 5

Asset Transfer Methods: Non-Probatable Assets



Probate
Tax Free

Joint Tenancy: Deceased individual's interest in assets passes directly to the surviving joint tenants, outside of estate.



Probate
Tax Free

Registered Plans: When a beneficiary or successor is named on plan documentation, proceeds on death paid directly to the beneficiary, outside of estate.

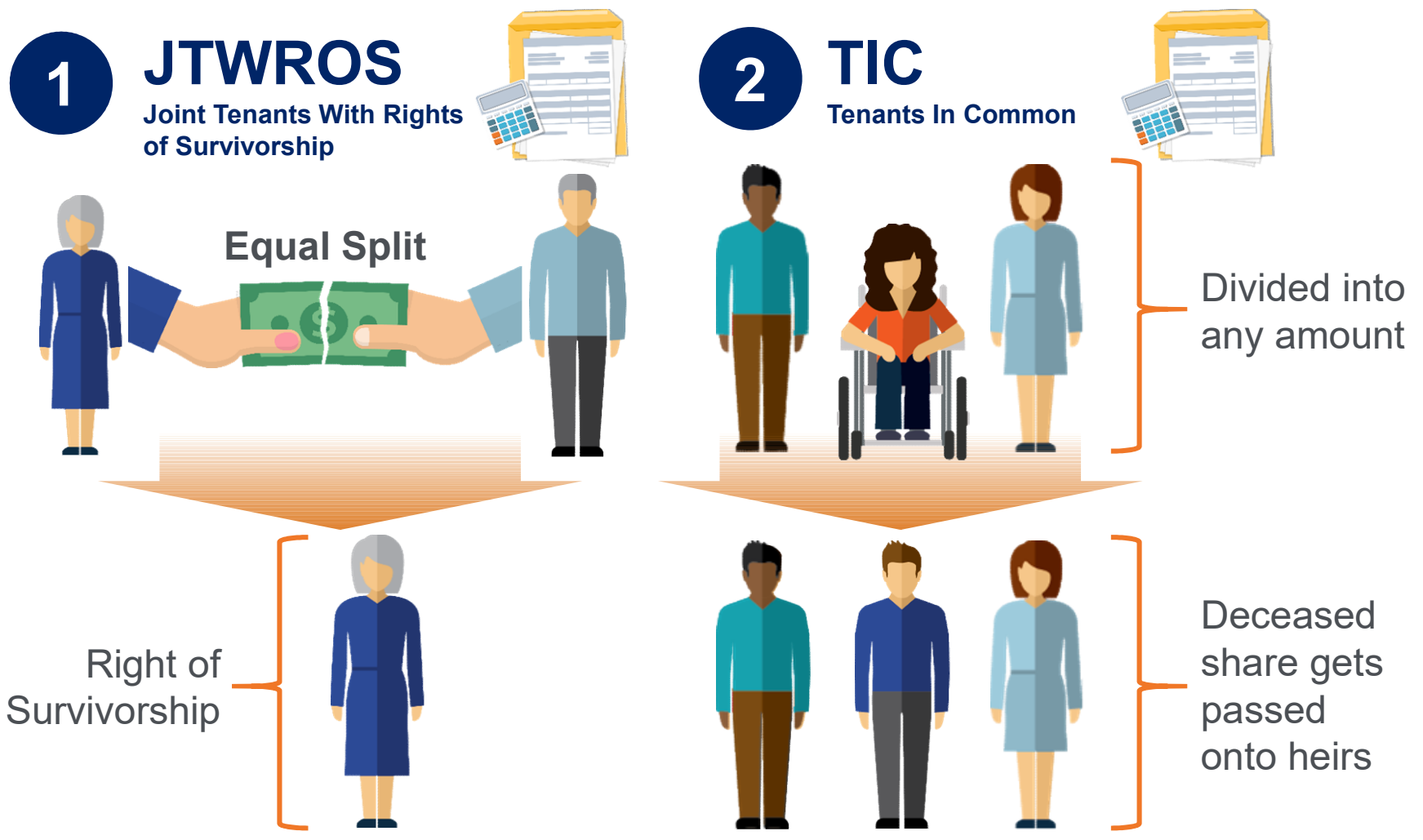


Probate
Tax Free

Insurance: When a beneficiary or successor is named on plan documentation, proceeds on death paid directly to the beneficiary, outside of estate.

PART 5

Types of Joint Ownership (Most Common)



PART 5

Asset Transfer Methods: Gifting Before Death

Easiest way to transfer assets.

Could decrease income taxes on income producing assets.

Tax benefits for donating to charity.

Build a lasting legacy – PH&N Charitable Gift Program.



PART 6 Incapacity Planning

1

PREPARE AN INVENTORY

- What do you own?
- What do you owe?



3

DETERMINE A COURSE OF ACTION

- How will you transfer your assets?



2

DEFINE AND EVALUATE YOUR OBJECTIVES

- Who are your inheritors and why?



REVIEW AND UPDATE YOUR PLAN

- Is your Will and Estate Plan up to date?

COMPLETE YOUR ACTION PLAN

- What is your incapacity plan?
- Have you considered life insurance?



4

GENERAL RULE

If you are incapable, and want someone to be able to make decisions about your finances and property on your behalf, you need an Enduring Power of Attorney (EPOA)

PLAN EARLY!
Incapacity = Too Late

Your Estate

For the management of your property/finances

Your Business

Do you need a corporate EPOA?

Outside Assets

Do you own property in another province or country?

Health Care Directive

- Health Care
- Personal Care
- Medical Decisions

**Age 16+
& Capable**

**Gives directions to health care providers
(Advance Directive) or
appoints a proxy (Representation Agreement)**

Comes into effect upon incapacity

Must be in writing

INSURANCE



Can provide a tax free lump sum death benefit.

Can provide liquidity in an estate to pay off taxes/debt.

Can provide funds when they are needed the most.

PART 8

Reviewing and Updating Your Estate Plan

1

PREPARE AN INVENTORY

- What do you own?
- What do you owe?



3

DETERMINE A COURSE OF ACTION

- How will you transfer your assets?



2

DEFINE YOUR GOALS

- Who are your inheritors and why?



5

REVIEW AND UPDATE YOUR PLAN

- Is your Will and Estate Plan up to date?



COMPLETE YOUR PLAN

- What is your liquidity plan?
- Have you considered life insurance?



PART 8

Reviewing and Updating Your Estate Plan



CLOSING

Where Do You Go From Here?



Questions?

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