

Brad Brain



Estate Planning will Carry Out Your Intentions

Estate planning is about structuring your affairs so you get the results you want, in the most effective way. Some people mistakenly think that estate planning is only for the wealthy or those in their autumn years. Unfortunately, many people never get around to estate planning.

Recently I have had several estates to sort out for people who died in their 30s and 40s. One estate has been ongoing for six months; it will be a while yet before the details get sorted out. A regular guy, in good health, was struck down in his prime. Maybe he figured he had lots of time to get around to estate planning, and that his situation was pretty straightforward. Sadly, he figured wrong. Look at the knots that must be untied in his situation.

- The client, the deceased, was divorced at the time of his untimely demise.
- His ex-wife is the mother of the daughter, a 14-year-old minor and the designated beneficiary of his RRSP.
- His ex-wife has since remarried.
- Because the client did not want his ex-wife to manage the RRSP money, he named his sister as trustee.
- Because he forgot to sign his Will, it is not valid. He died *intestate*.
- His ex-wife—the person he wished to exclude from this process—will now be the one who controls the

RRSP money, since she is guardian of the minor daughter.

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Here are the top five reasons *you* might not need to worry about estate planning.

1. You will live forever.
2. Your estate will simply pass on to your heirs, intact.
3. Your family members always get along.
4. The government will have the best interests of your surviving family at heart.
5. You like to pay taxes.

If you ignore estate planning and do not have a Will, you run the risk of having the government rules on intestacy dictate the way your estate will be distributed. The government rules will not necessarily coincide with your wishes, and in the coincidental cases where a person may agree with the government's pre-determined allocation rules, the estate is still subject to taxes and probate fees, which can be minimized with proper estate planning.

Chances are, you would prefer to minimize the amount of your estate that would be eaten up in fees and taxes, to enable the bulk of your assets to go to your loved ones, and perhaps your favourite charities.

Charitable giving is part of tax and estate planning. The largest source of charitable giving is through a Will, but there are several ways to set up planned-giving strategies. Different strategies include a donation in cash or in kind, and may include tools such as life insurance, annuities, or trusts, to best reflect your needs.

There are several factors to consider when contemplating planned giving. These include your need for income, whether it's prudent to give up control over your assets, and the tax implications both before and after you pass away. A qualified estate planner can help you sort through your options.

It's not too early to start *your* estate planning strategy. ▲

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