The Client Advisor

Effective Estate Plans

by Bill Lockington

Estate planning can be a daunting exercise for most people. The reluctance to effectively "put our affairs in order" is natural. It involves a personal investment in time, emotional commitment and professional advice. Having an organized process of planning is half the battle.

Estate planning is important for everyone; only you can determine the exact manner in which your assets will be transferred on death and provision made for those significant people in your life.

A very practical outline of considerations has been written by Jamie Golombek, C.A. For your assistance, we have included the *10-step Guide for Effective Estate Planning* in this Advisor.

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LLF Lawyers LLP
332 Aylmer Street North
Peterborough, ON
(705) 742-1674
www.llf.ca

1. ***Designate a team of professionals***
You don't have to go it alone. Get your financial advisor, lawyer and accountant involved to ensure that your plan works legally and is tax-effective as well.

2. ***Draw up a household balance sheet***
This is a snapshot of your financial position, wherein you list your assets and liabilities. It's a great starting point to ensure everything is properly dealt with.

3. ***Understand your life insurance needs***
Life insurance can play a critical role in any estate plan, ensuring that extra funds can become available to take care of loved ones, to pay any taxes owing upon death or simply to leave a greater inheritance.

4. ***Draw up your will***
Having a will is only one step in the estate-planning process, but it's an important one. If you die without one, provincial law dictates who gets your assets upon death, which may not coincide with what you intended.

5. ***Establish a power of attorney for property***
A power of attorney gives someone else the legal ability to deal with your financial affairs should you become incapacitated.

6. ***Establish a power of attorney for personal care***
This power of attorney authorizes someone to make personal, health and medical decisions on your behalf in case of incapacity.

7. ***Minimize taxes and other fees***
A tax specialist can advise you on the tax benefits of leaving certain assets to certain people. For example, appreciated securities can be left to a charity tax-free, while other appreciated property, as well as your RRSP and RRIF, can be left to a spouse or partner on a tax-deferred rollover basis.

8. ***Keep track of accounts and important information***
Make a list of your key personal information, advisors, important documents (and their locations), accounts and other financial assets, and put this list in a safe place so it can be easily referenced by your estate executor later on.

9. ***Review and update your plan regularly***
Major life events provide a good time to update your plan. The birth of child, separation or divorce, death of a parent, et cetera, could all impact your original plan.

10. ***Let someone know***
Often the hardest step, it is a good idea to let your family know what you're planning to do, at least in general terms. That way, there are no shocking revelations from beyond the grave. Unless that's something you want!

Jamie Golombek, CA, CPA, CFP, CLU, TEP, is the vice-president, taxation and estate planning, at AIM Trimark Investments in Toronto.