CONCENTRA TRUST BULLETIN | JANUARY 12, 2018

Five Threats to a Healthy Estate

We need to be vigilant on a number of fronts every day – from health, to financial security, to our relationships with others. But there's another front – the estate front – that requires some vigilance as well. While the threats to your estate can be mostly hidden when you are alive and healthy, they can quickly become a reality at the time of your death.

A healthy estate is one in which your estate assets are distributed smoothly and tax-efficiently to your intended beneficiaries – with no disputes, litigation, or forced asset sales to cover unexpected liabilities. And there are steps that you can take to ensure optimum estate health.

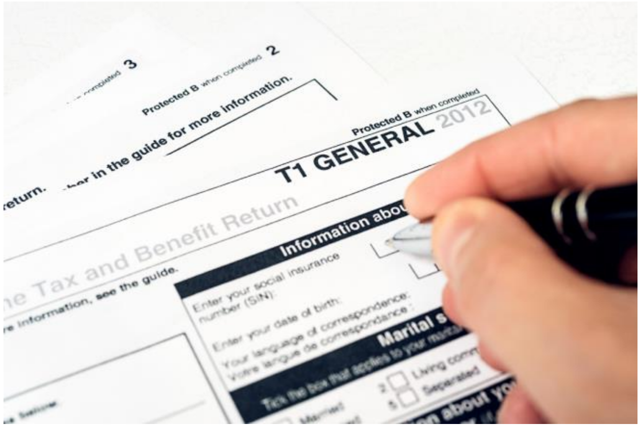
Understanding the actions – or inactions – that threaten this health can set you on the right path. Here are five threats to consider and guard against:

1. **You don't explain your estate intentions to your family**
   Discussing estate matters is rarely an easy conversation, but talking about your intentions and your family members' expectations lets you address any contentious issues while you're alive – and avoid potential conflicts after you're gone.

   You may be surprised at what you discover, and this can help you structure your gifts accordingly. For example, you may find that one child has no interest in the family cottage, while two others value it highly. This might direct you to give the one child some of your other assets, and leave the cottage to your other children.

2. **You didn't plan for taxes**
   When you die, you're deemed to have disposed of your capital assets at their fair market value. This means your estate is liable for capital gains taxes on assets that have increased in value during your lifetime. Your executors may be forced to sell estate assets to pay for the tax liability – and a forced sale may mean the assets are sold for less than their fair value.

   While there are many strategies available to manage the tax crunch, including the use of trusts to defer future taxable gains, many individuals protect their estate by buying life insurance in the amount of the



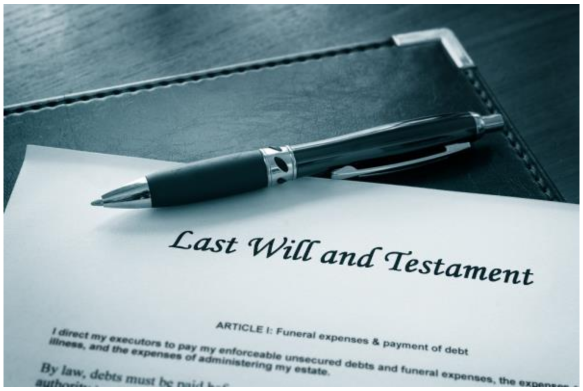
   expected tax liability. Your estate receives the insurance proceeds tax-free, which can then be used to pay the estate's taxes and other debts.

3. **You wrote your own will**
   It's quite possible to write your own will without the cost of legal advice – do-it-yourself will kits let you create a legally valid will at a fraction of the cost you'd pay to a lawyer. The trouble is that if you have a more complicated estate, your homemade will may not distribute your estate the way you've intended. And improperly drawn wills are often contested in the courts – which can cost your estate thousands of dollars in legal fees and tie up the estate assets in litigation for years.

   If you have substantial assets, foreign property, children from an earlier marriage, disabled dependents, own an interest in a private business or intend to disinherit a family member that you're currently supporting, you should obtain legal advice. Those situations go beyond the scope of what a do-it-yourself kit can provide. Obtaining expert legal advice allows you to develop a comprehensive estate plan that addresses your circumstances and meets your specific needs. We talk about this in more detail here:

http://www.huffingtonpost.ca/suzana-popovicmontag/diy-estate-planning_b_3497959.html.

4. **You didn't update your will**
Even if you have an excellent, lawyer-advised and properly drafted will, if you don't change it to reflect changing life circumstances, your executors could have a major mess on their hands. Life changes such as inheritances, marital status changes (for you or a beneficiary), the purchase of assets in foreign jurisdictions, the death of executors or beneficiaries may all require a change to your will. Be vigilant and keep your will up-to-date.



5. **You didn't document your assets**
Your executor can't distribute assets he or she doesn't know about. There are many reasons why $678 million is lying dormant and unclaimed in Canadian bank accounts, and one of them is people not telling their executors that they have one! http://www.bankofcanada.ca/unclaimed-balances/. So, make a list of all bank and investment accounts, insurance policies, major assets, and any virtual assets of value and keep this list with your will or ensure your named executor has a copy.

Author | IAN HULL

Special thanks to Hull & Hull LLP of Toronto for allowing Concentra to reprint this blog. The article, in part or entirety, may not be reprinted without the prior written permission of Hull & Hull LLP and Concentra.

Interested in past bulletins?

To browse prior bulletins by date or topic, visit **Trust Bulletins.** Please note the direct link will prompt you for a username and password. Simply use the same information you would if signing into our website via the login button on our home page.

Contact us

P 1.800.788.6311 #1888
E executorease@concentra.ca

Build a relationship with Concentra Trust and build greater loyalty with your clients. With over 65 years' experience, we are your estate and trust administration experts.