



▶ CREATING MY LEGACY

▶ WHY DEVELOP A PLAN?

▶ ESTATE PLANNING CHECKLIST



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### *Points to consider*

#### What is estate planning?

- ▶ Estate planning is the process of positioning your assets so that they will retain as much value as possible and will go where you want them to after you pass away.

#### Why develop an estate plan?

- ▶ Developing an estate plan is important because it puts you in control of your estate instead of someone else.

#### The key areas of estate planning

- ▶ The three key areas of estate planning are your will, tax reduction, and asset protection.

#### Estate plans differ

- ▶ Your needs depend upon your income, assets, stage in life, and choice of heirs/beneficiaries.

#### Seek professional advice

- ▶ Estate planning is a difficult process. Seek professional advice from an accountant, lawyer, notary public, and financial advisor to help you get on the right path.

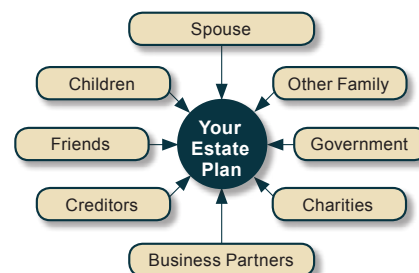
## Creating My Legacy

The concept of estate planning is not just for the wealthy. Estate planning provides you with the opportunity to align the distribution of your wealth with your desires. It could include structuring asset ownership, creating a will, establishing buy-out arrangements for a business, establishing charitable donations, and minimizing income taxes without compromising your intentions.

Estate planning is a very broad topic which means different things to different people.

### WHY DEVELOP AN ESTATE PLAN?

Many people, organizations, and governments have an interest in your estate. The diagram below shows some of these important stakeholders. Who ends up with your estate depends highly upon your estate plan. You may



Stakeholders in your estate plan

want your spouse and your children to receive the benefits of your estate, but poor planning may enable the government and creditors to greatly reduce the amount you leave to your heirs.

### THE THREE MAJOR AREAS OF CONCERN ARE DESCRIBED AS FOLLOWS:

#### Wills

The essential document for achieving your estate planning goals is a will. While it is not mandatory that your will be drawn up by a lawyer or a notary public, it is normally a prudent idea if one's estate is complex. A will can avoid those hasty decisions and misunderstandings which lead to permanent family strife after your death, if there is doubt about your exact intentions. When you have been meticulous and decisive in building up assets during your lifetime, it seems tragic to allow the provincial government to determine how these assets will be partitioned amongst your family.

#### Tax reduction

Taxes are the main avenue through which governments can claim a large portion of your estate. Proper planning, even starting early in your life, will enable you to make arrangements so that your assets can be passed

— continued

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on to your heirs with minimum erosion to taxes. Tax reduction can take many forms, from RRSP planning and estate freezes, to income splitting, and life insurance strategies.

## Asset protection

Asset protection is the last major endeavour of estate planning. Sometimes your own success can set you up to be a victim of other people who want a piece of that success. Disgruntled employees, business partners, and ex-spouses can sometimes start actions against you, leaving your assets depleted. Asset protection strategies should be implemented to limit any potential losses.



## What is Estate Planning?

► Estate planning is the process of positioning your assets so that they will retain as much value as possible and will go where you want them to after you are gone. Estate planning is more than just writing a will and/or a Power of Attorney. It is the use of many strategies that will protect the value of your assets, while you are alive as well as after your death.

## ESTATE PLANNING CHECKLIST

Other than will planning, which everyone should do, people in different financial situations will have different estate planning needs. Here are the basic priorities for different people:

### Successful entrepreneur

The successful entrepreneur has a valuable business to be passed on and a high income. Succession planning is the priority. The main estate planning tools are estate freezing, asset protection, income splitting, and life insurance funding of taxes.

### Large-scale investor

The large-scale investor has accumulated a sizable pool of investments that generates a substantial amount of income. Estate planning strategies include income splitting and life insurance funding capital gains taxes.

### Executive

The executive has a high income with most assets being pension plans, RRSPs, and personal residences. Income splitting, structuring pension plans & RRSPs to minimize taxes, and life insurance funding of taxes are the priority.

### Unincorporated professional

The unincorporated professional has a high income with much wealth coming from his/her ongoing business. Estate planning priorities include asset protection, income splitting, and RRSPs.

### Salaried employee

Much of the salaried employee's wealth is tied up in pensions and RRSPs. Structuring assets to the employee's benefit and for beneficiaries is crucial.

### Retiree

The retiree is mainly concerned about maximizing income for the final years. Structuring all investments to their benefit is critical.

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