



Personal Will and Estate Planning Guide

Planning for Life

Estate & Trust Services
from Scotiatrust®



Helping you Plan for Life

Preparing a thoughtful estate plan is one of the kindest legacies you can leave. Most adult Canadians appreciate the importance of preparing Wills and powers of attorney (protective mandate, in Québec), yet many find the idea daunting and as a result never get around to it.

This guide has been prepared to help you get started with your estate planning. It includes useful information and tips along with a workbook for you to record important details about your personal and financial situation.

You are strongly encouraged to work with your wealth advisor and other professionals in the development and execution of your plan. With today's increasingly complex estate and tax legislation and evolving family dynamics, estate planning can be challenging. Professional assistance can help you navigate the intricacies and provide valuable peace of mind.

Why is estate planning important?

A comprehensive estate plan will define how your assets are to be distributed at your death and includes a plan for managing your affairs in the event of future incapacity. Proper planning will help ensure your wealth is efficiently transferred in accordance with your wishes, helping to provide for your family, other loved ones and/or cherished causes.

This guide provides an overview of the five basic estate planning steps:

Step 1: Ascertain assets and liabilities

Step 2: Decide how you want your assets distributed

Step 3: Determine the best way to transfer your wealth

Step 4: Choose the right "personal representatives"

Step 5: Document the plan

Certain factors add complexity to an estate plan. You should seek specialized advice if you:

- own private company interests
 - own property outside of Canada
 - have beneficiaries with special needs
 - have non-resident beneficiaries
 - hold citizenship in more than one country
 - have a blended or non-traditional family
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Step 1: Ascertain assets and liabilities

Your assets may include: investments (stocks, bonds, mutual funds, bank accounts); retirement plans including RSPs, RIFs, pensions and annuities; personal property (jewellery, vehicles, artwork and antiques); real estate; insurance policies or business interests. It is also important to consider your liabilities in order to estimate the net value of your estate. Although the net value (value of the estate passing to your beneficiaries) will change over time, a general appreciation of the quantum involved may help you determine how best to transfer your wealth.

It's important to consider "how" your assets are owned

Assets owned jointly with right of survivorship (not applicable in Québec) may be treated differently at your death than assets owned in your name only. It's also important to note the designated beneficiary, if any, of assets such as RSPs/RIFs, life insurance and tax-free savings accounts.

Step 2: Decide how you want your assets distributed

Determine to whom (family/other loved ones) or where (e.g. charities) you wish to leave your estate. You should also give thought to contingencies such as a beneficiary predeceasing you. For example, in the event one of your children were to predecease you, would you want their share to go to their children, if any, or would you want your surviving children to inherit the share? In addition, depending on your personal circumstances, you may need to consider possible restrictions on your ability to dispose of your assets as you choose including: contractual obligations (domestic contracts, separation agreements, partnership or other business agreements) and spouse/dependants' rights.

Don't overlook your digital assets. Digital assets include photographs and videos, e-mail, social network and financial accounts stored in digital form on a personal device, the Internet the "Cloud" or via a third party. You are encouraged to prepare an inventory of your digital assets and consider how best to provide your executor with the tools they may need to access these assets.

Step 3: Determine the best way to transfer your wealth

Once you've selected your beneficiaries, you need to determine the best way or ways to transfer your wealth to them. A key consideration will be whether your assets are best transferred outright or by way of a trust.

When to consider a trust

Trusts are used in estate planning to allow you to benefit an individual (or charity) while establishing a degree of control over the transferred property. For example, if your beneficiaries include young children or grandchildren, trusts may be the best option. A trust structure allows you to specify not only when the trust income and capital is to be paid, but also to whom (parent/guardian) and for what purposes (post-secondary education, for example).

A trust distribution under your Will may be preferred or most beneficial if you:

- have minor children or grandchildren
- have beneficiaries with special needs
- have assets you wish to preserve and transfer across generations (e.g. family business or cottage)
- wish to leave a charitable legacy
- are in a blended family

Depending on your circumstances, other planning considerations and techniques you may wish to consider include the use of beneficiary designations, gifting during your lifetime and inter vivos trusts. If you are 65 or older, you may wish to explore the benefits of an alter ego (or joint partner) trust (a special type of inter vivos trust).

Step 4: Choose the right "personal representatives"

In addition to appointing an executor (liquidator, in Québec) to administer your estate, depending on your situation, your "personal representatives" may include: trustee, attorneys/ personal representatives (in respect of your property and personal care) and guardians (tutor, in Québec) for minor children.

Your executor is responsible for administering your estate in accordance with the terms of your Will. Your trustee is responsible for managing any trusts you establish during your lifetime or in your Will. Your attorney or representative (mandatary, in Québec) is responsible for managing your financial/personal care under your power of attorney (or provincial equivalent).

You have two basic choices with respect to your personal representatives for your financial affairs: you may appoint an individual or individuals or you may appoint a professional corporate representative, such as Scotiitrust. Note that only individuals may be appointed/act in respect of your personal care.

When you appoint an individual as your executor, trustee or attorney, be sure to name an alternate – an individual or corporate trustee such as Scotiitrust – to act in the event your first choice is unable or unwilling to act. You may also wish to consider authorizing your executor to retain Scotiitrust as their agent to provide professional assistance in administering the estate.

You may find a professional corporate representative (executor/trustee/attorney) is your best choice if you:

- have no qualified family members living close by
- own complex assets (high net worth, private company, rental or other income properties)
- have assets you wish to preserve and pass across generations
- have a blended or non-traditional family
- have family members with special needs and/or would benefit from support managing their inheritance
- have beneficiaries or assets located out of the country
- wish to ease the burden on loved ones at a difficult time

Step 5: Document the Plan

You are strongly encouraged to work with an estate planning professional to ensure your plan properly documents and delivers on your wishes. Before meeting with your lawyer, notary or other estate planning professional, you are encouraged to complete your estate planning inventory and give thoughtful consideration to the matters set out above (including choice of personal representatives and beneficiaries). Your advisor may require or wish to see certain documents including:

- personal identification
- marriage contracts or separation agreements
- property deeds
- partnership/shareholder and other private company documentation
- recent income tax returns
- your current Will and Powers of Attorney, if any

Don't delay. Good planning is the best gift you can leave your loved ones.

Preparing your Will and related documents is a great first step. In order to ensure your plan continues to reflect your wishes, periodic review is essential. You are encouraged to review your Will and estate plan every three to five years or when you experience a significant change in your personal or financial situation.

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