

An estate plan is a documented expression of your wishes, and can provide peace of mind in knowing your loved ones will be provided for. When properly structured, it can simplify the distribution of your estate, provide for family members, minimize taxes and expenses and protect beneficiaries' inheritance.

While there are some common threads to estate planning, a personalized plan should be a reflection of your personal goals, objectives and priorities. Getting organized is often the most difficult part.

The checklist provided on this page will help you identify issues that any estate plan needs to address. Once you have answered the questions below, you will be better equipped to consult with qualified tax, trust, estate and family law professionals to help implement the plan.

When it comes to preparing an effective estate plan, it's important to remember the whole is greater than the sum of the parts. Each piece of the estate plan must be addressed as part of the overall picture to ensure all components are working effectively together to deliver the best results.

1. BUSINESS PLANNING

- Is there a buy-sell agreement in place? Are there any other shareholder agreements that govern the effective and efficient windup or sale of your business? Are they structured properly? Is the proper amount and type of insurance in place to provide the business liquidity? **If a key person becomes incapacitated**, do you have proper insurance to implement a contingency plan?
- Should consideration be given to an **estate freeze** to minimize your tax liability and allow the future growth to accrue to your children or successors?
- If your family carries on your business, will there be **enough liquidity** to see them through the transition period after your death?
- Does your business take advantage of the **\$10,000 tax-free death benefit** or the ability to pay out tax-free dividends through the capital dividend account?

2. OWNERSHIP, BENEFICIARY DESIGNATIONS AND TRUSTS

- How do you own your assets? Did you know that if you hold an asset **"joint with right of survivorship (JTWROS)"** the survivor will inherit it, as opposed to it being distributed according to your will?

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- Is the payment of probate fees a concern? Did you inadvertently change the ownership of your assets (to JTWROS) such that your estate plan no longer works as planned? Is there an opportunity to **save probate and other estate costs** on certain assets that don't require probate—private company shares for example? Does your jurisdiction legislate this type of planning?
- Have the **appropriate beneficiary designations** been made for registered plans (RRSPs, RPPs, DPSPs, TFSAs) and insurance policies?
- Could your beneficiaries benefit from a structure that reduces taxes on income from their inheritance? Should your will **make use of trusts to provide greater control** over your estate and protect it from creditors, including situations such as a marital breakdown?

3. FAMILY CONSIDERATION

- Should you make special arrangements to protect the inheritance of minor children until they attain responsible ages or reach certain predetermined milestones, such as attaining a certain level of education? **Is it your desire to keep your children in the family home, or ensure suitable accommodations?** Do you want to provide your beneficiaries with ongoing financial support while ensuring additional access to capital while growing up?
- Are special arrangements required for **infirm beneficiaries**, including protecting their social assistance or other government support on a long-term or permanent basis? Do you have any other dependants such as physically, mentally or financially dependent parents?
- Do you have concerns about a future marital breakdown of your children or your surviving spouse, and the impact it will have on your estate? Is it necessary to **protect beneficiaries with poor financial judgment or skills**, or those who might otherwise be unable to manage money?
- Are arrangements necessary in a **second marriage and/or blended family situation** for support of your spouse, while ensuring your capital passes to your children from a first marriage?

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4. DISTRIBUTION OF ASSETS

- Prepare a **household balance sheet** including all your assets, liabilities and insurance policies. This will help get a financial snapshot and determine the amount and type of assets that make up your estate.
- With the help of a qualified professional, determine the amount of **taxes and fees owing on your estate**. This can be quite complicated (especially if you're a U.S. citizen or if you hold certain assets in other jurisdictions inside or outside Canada).
- Determine, from a financial perspective, **what your family's income needs are**. Is there enough income from your estate to meet financial obligations and desires? Would your beneficiaries have ample liquidity to service personal debt, provide an income for dependants and allow for necessary savings (education, etc.)? Do you want to provide benefits beyond the next generation?
- Will there be **adequate liquidity to pay the expected taxes and estate costs and still leave a legacy**? What is the impact of passing on certain assets (such as a business or family cottage) to only some of your children? Are there enough "other" assets to ensure your estate is distributed equally (or fairly)? Can your beneficiaries share certain assets? Would this maintain family harmony?
- Do you have the **proper amount (and type) of insurance** to meet your specific needs, including income replacement, estate preservation, estate equalization and leaving a legacy?
- How would you like to **distribute your assets among your family, friends and charitable organizations**? Do you own specific items (like jewellery, artwork, etc.) that you wish to gift to friends, family or others?
- Are you interested in making **tax-efficient charitable donations** upon your death, including establishing charitable remainder trusts, private foundations, donor-advised funds or making charitable gifts of securities in your estate plan?
- Do you want your executors, trustees or beneficiaries to secure financial or other advice from specific advisors or **do they have the necessary skill set**? Does your estate plan provide your executors and trustees with the necessary powers to make your estate plan effective and efficient?

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