



# Estate Planning in ten steps - COVID-19 edition

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For some, the term estate planning conjures images of wealthy philanthropists living out their retirement years on a tropical island, sipping pinã coladas, while managing a plethora of family trusts and private foundations. In truth, estate planning is important for everyone, not just the rich. With the recent COVID-19 pandemic, the essential nature of an estate plan has become front of mind. If you have any assets at all, you need an estate plan so these assets are properly managed in the event that you are unable to do so, and, ultimately go to the people you care about.

Think carefully about the people you choose to manage your plans, both in the event of your incapacity and after your death. They should have the skills required to make decisions on your behalf, and should be willing to take on this obligation.

Here's my updated ten-step guide to an effective estate plan.

## 1. Designate a team of professionals

You don't have to go it alone. Ask your financial advisor, lawyer and accountant involved to make a plan that works legally and is tax-effective as well. Many such professionals are now available for telephone and on-line virtual meetings to assist you remotely.

## 2. Draw up a household balance sheet

This is a snapshot of your financial position, where you list your assets and liabilities. It's a great starting point to help make sure everything is properly dealt with.

## 3. Understand your life insurance needs

Life insurance can play a critical role in any estate plan, providing extra funds to take care of loved ones, to pay any taxes owing upon death or simply to leave a greater inheritance. During these times of physical distancing, you can still meet with an insurance advisor remotely and if you decide to proceed with an application, many insurers no longer require a medical exam, depending on the type and amount of the policy.

## 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. Some provinces have relaxed the rules for in-person will signing and witnessing - speak to your lawyer or other legal advisor about the rules applicable in your province. The same applies to power of attorney (steps 5 and 6).

## 5. Consider a power of attorney for property\*

A power of attorney for property gives someone else the legal ability to deal with your financial affairs based on its terms. It may become effective immediately and may continue to be valid in the event of your incapacity; alternatively, you could stipulate that it only becomes operative if you are incapacitated.\*\* Although it is hoped that it will never be put you use, it is important to prepare this power of attorney while you are healthy.

## 6. Consider 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 your incapacity. It is equally important to prepare this power of attorney prior to any illness.

## 7. Minimize taxes and other fees

A tax specialist can advise you on the tax benefits of leaving certain assets to particular 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, other financial assets and computer passwords, and put this list in a safe place so it can be easily referenced by the person granted your power of attorney and your estate executor later on.

## 9. Review and update your plan regularly

Your estate plan should regularly be reviewed and updated. In addition, major life events provide a good time to update your plan. For example, the birth of a child, separation or divorce, or the death of a parent 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, family disputes may be minimized if they understand the reasons behind your wishes. You should also make sure that your estate executor, and the person granted your power of attorney(s), knows exactly where to find the documents referred to above, as well as the information that will be needed to administer your property.

\* In Quebec, a Power of Attorney is also called a Mandate and the attorney is called the "mandatary".

\*\* In Québec, a mandate of protection (in case of incapacity) becomes effective upon the occurrence of incapacity and homologation by the court.

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