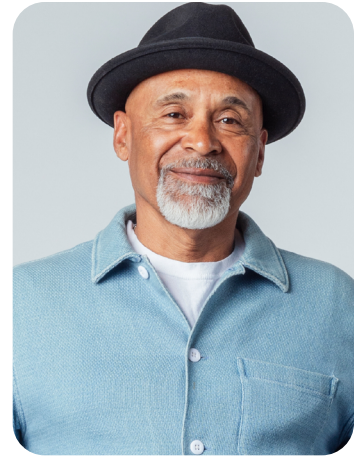


Estate Planning Checklist

BONUS SECTION: How to choose an executor



Planning your estate is one of the most important things you can do in order to provide for your loved ones after you're gone. Thoughtful planning not only ensures that your wishes will be honoured; it will result in significant time and financial savings and greatly reduce stress on your loved ones when the time comes. That's why estate planning is truly an act of grace and love toward yourself and your loved ones, who will need all the help they can get when they're grieving.

However, estate planning can often feel like an overwhelming endeavour. That's why we've created a comprehensive checklist that breaks down the process and ensures you're covering all your bases. Here's what you need to know:



1. Make an inventory of your assets

-  List any real estate assets you own, including your home and any recreational or investment properties.

-  List your financial accounts, including bank accounts, registered and non-registered investment accounts, etc.

- PRO TIP: Pay special attention to any joint ownership and/or named beneficiaries so you can ensure the desired outcome upon your passing.*

-  List your vehicle/s and any notable personal effects, especially items with sentimental value such as family heirlooms.

-  List any other asset you may own such as cryptocurrency, business interests, intellectual property, loans payable to you, etc.

-  Record the pertinent details of all of your assets such as their location, account number, value, co-ownership, named beneficiary, etc.

PRO TIP: Make sure you keep records of purchase date and price for tax purposes.

2. Record your debts

-  Create a list of any debts you may have such as mortgages, credit cards, lines of credit, promissory notes, etc.

-  Consider the impact of your debts on your estate value and methods to address any shortfalls.

PRO TIP: Life insurance can be a great solution for immediate estate liquidity.

3. Consider your needs and goals

-  Consider your and your loved ones' circumstances such as marital status, age, employment, financial needs, etc.
-  Note any particular needs to address such as minor beneficiaries, and those with a disability or any vulnerabilities.
PRO TIP: Needs of all beneficiaries, both primary named and alternates, are important to consider and discuss with your estate professional.
-  Think about any protections that may be important to you such as creditor protection, marital breakdown protection, etc.
-  Identify and prioritize your goals (e.g. probate savings, charitable giving, family harmony, etc.)

4. Name beneficiaries where it makes sense

-  Consider naming designated beneficiaries of registered plans (RRSP/RRIFs), tax-free savings accounts (TFSAs), pension plans and life insurance policies.
PRO TIP: Naming designated beneficiaries is a great strategy to reduce or avoid the cost of probate, but keep in mind this means these assets will not be available in your estate to cover estate liabilities or be distributed as per your will.
-  Name contingent beneficiaries where possible and where it makes sense, in the event your first named beneficiary has predeceased you.

5. Choose an estate executor

First, check out the bonus section on **page 8** for guidance on how to select your estate executor.

- ☐ Select an executor carefully considering the significant responsibilities involved and whether they are the right party to take this on.
- ☐ Inform your executor that you intend to appoint them and ensure they understand what is involved and agree to this responsibility. See **page 9** for a simple breakdown of an executor's role and responsibilities.

***PRO TIP:** Ensure they will have quick access to the information they will need when the time comes, such as the location of your original will, any funeral arrangements you have made, how to access your asset information, key people to contact such as your accountant, lawyer, or loved one, etc.*

6. Choose other important roles

- ☐ Select a guardian for your minor children, if any.
- ☐ Select a trustee to manage any funds that are to be held for a beneficiary after your passing.
- ☐ Select a power of attorney for property to manage your financial affairs if you become unable to yourself or when you prefer someone to do it on your behalf even when you can.
- ☐ Select a power of attorney for personal care to manage your care should you become unable to yourself.

7. Consider simplifying your finances or other optimization strategies

-  Think about consolidating accounts to simplify your finances.
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-  Consider providing gifts for your loved ones during your lifetime, but keep in mind you should ensure your financial needs will be met first.

PRO TIP: Consult a financial planner to discuss your financial goals and retirement needs.

-  Consider joint with right of survivorship accounts with your spouse or others if the intention is for the surviving owner to receive the account outside of your estate upon your passing.

PRO TIP: As with beneficiary designations, this is a great strategy for avoiding probate, but this means these assets will not be available in your estate to cover estate liabilities or be distributed as per your will.

PRO TIP: When naming others (non-spouses) jointly with right of survivorship, it is important to capture this intention in the correct places to avoid challenges from other interested parties.

-  Think about establishing an inter vivos (living) trust if this is beneficial in your circumstances.
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8. Create (and update) your will and other documents

- ☐ Name your primary and substitute estate executors. (See bonus section starting on **page 8** for guidance on how to choose your executor.)
- ☐ Indicate which loved ones or organizations you want to receive any specific assets and the balance of your estate.
- ☐ Name a guardian/s for any children who are minors.
- ☐ If appropriate, include testamentary trusts for minor children or other needs or goals.
- ☐ Include instructions for how you'd like to be laid to rest.
- ☐ Regularly review your will to ensure it accurately reflects your wishes.

9. Consider pre-arranging your funeral

- ☐ Selecting a funeral home and the details of your funeral or celebration of life in advance of your passing can save a great deal of stress and strain on your loved ones.
- ☐ Consider pre-paying for your funeral arrangements in advance or have a plan for how your family will access funds immediately upon your passing.

***PRO TIP:** By making arrangements now, you can often lock in today's prices and don't have to worry about inflation or any future price increases.*

10. Store important information and documents somewhere safe

-  Keep your original will and POAs somewhere safe.

PRO TIP: If you store your original will in a safety deposit box, make sure your executor can access a copy to prove they should be allowed access to the box when the time comes.

-  Make copies of everything and store them separately from the originals and somewhere handy for your executor.

PRO TIP: It is important to note how many copies you made and where you stored it to ensure that upon updating of any documents, you can replace those copies with the new documents. Recommendation is one copy each of all documents for easy retrieval.

11. Communicate to loved ones and revisit

-  Let your loved ones know you've completed your estate plan and where to find your documents and information they will need.

-  If possible, talk to your loved ones about the decisions you've made.

PRO TIP: Effective family meetings can help reduce family conflict and potential litigation in your future estate settlement.

-  Revisit your plan annually or at least every three years or whenever your circumstances change or a life event occurs such as marriage, divorce, welcoming a new family member or significant changes to your assets.
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If you need help with your estate plan or wish to consider naming an experienced professional executor, visit clearestate.com/abcu to book a **free 30-minute consultation with ClearEstate.**

Our step-by-step process and expert human guidance make estate planning simple and helps you leave the legacy you intend for your family.

How to Choose an Executor

Bonus Section

What is an executor?

First things first.

An executor is an individual or professional who's been tasked with the responsibility of settling the estate of someone who's passed away. When someone dies, there are a lot of steps involved and heaps of paperwork to deal with. This work typically takes over 400 hours over the course of 16-24 months.

Providing they agree to take on the role, the executor will be responsible for completing all steps necessary to settle the deceased's affairs and distribute the assets to the rightful beneficiaries.

What are the executor's responsibilities, powers and duties?

The executor is responsible for ensuring the estate is properly taken care of and that the will, if there is one, is followed, along with any applicable laws.

The executor's responsibilities include:

- ☐ Gathering and preserving the estate assets until they are distributed.
- ☐ Creating an inventory of the assets and liabilities of the estate.
- ☐ Applying to court for probate, if applicable.
- ☐ Preparing and filing any tax returns required.
- ☐ Paying debts, taxes, and expenses related to the estate.
- ☐ Communicating with government, financial institutions, service providers and other third parties.
- ☐ Accounting to the beneficiaries of the estate.
- ☐ Distributing the estate assets to the beneficiaries.

In order to settle an estate, the executor needs to have certain powers. These powers are granted under the law or via the will.

The executor's powers include:

- ☐ The power to sell estate assets, such as a house or investment portfolio.
- ☐ The power to pay outstanding debts.
- ☐ The power to access the deceased's financial and personal records.
- ☐ The power to make decisions with respect to the estate settlement.

The executor role is a fiduciary one, which means the executor is legally obligated to the beneficiaries to act in the best interest of the estate.

The executor's obligations:

- ☐ Act in good faith with due care and loyalty for the benefit of the beneficiaries of the estate.
- ☐ Prioritize the interests of the beneficiaries over their own personal interests.
- ☐ Use reasonable care in managing the estate and its assets.
- ☐ Administer the estate in accordance with the will and applicable laws.
- ☐ Maintain impartiality and not show favouritism.
- ☐ Keep accurate records and accounting.
- ☐ Act in a timely and efficient manner to complete the estate settlement.
- ☐ Preserve and protect the assets of the estate and maximize their value.

An executor can be held personally liable for any breach of their fiduciary duty. They can also be removed from the role by the court. Selecting the wrong executor can lead to significant costs and delays in your estate settlement.

Who can be named as an executor?

Legally, to be named executor, an individual must be at least 18 years of age and of sound mind. In some jurisdictions, the executor must also be a legal citizen and not have been convicted of a crime. Other than that, the choice is up to the testator (the individual creating their will).

However, it's highly recommended that the chosen executor:

- ☐ Understands what's involved and agrees in advance to act.
- ☐ Is familiar with the testator's wishes and their financial situation.
- ☐ Is local to the testator.
- ☐ Is trustworthy, responsible and reliable.
- ☐ Has the time and energy to devote numerous hours.
- ☐ Able to effectively communicate and handle potential conflicts.
- ☐ Is comfortable dealing with legal, tax and financial matters.
- ☐ Is younger than the testator and in good health.

What is a professional executor?

A professional executor is a neutral, expert third party who is hired to settle the deceased's estate in place of a loved one. Professional executor services are usually offered by trust companies or individual lawyers, accountants, etc.

When does hiring a professional make sense?

Being named as executor of a loved ones' estate is a great honour, but it can also be a heavy burden. A professional executor can be an excellent solution to spare families the hundreds of hours of work and added stress of settling an estate themselves. A professional executor can also be hired by the named executor if they need support with the role and even by the beneficiaries if there is no one ready and willing to take on the role.

A testator may choose to name a professional executor (or families may choose to enlist the help of one), in the following scenarios:

- ☐ They're looking to remove the burden of estate settlement from their loved ones by appointing a professional to do the work for them.
- ☐ They want to be assured that everything will be handled correctly.
- ☐ They want to reduce the overall costs and time to settle their estate.
- ☐ If the chosen executor lives too far away and doesn't have time to travel large distances to deal with the deceased's estate.
- ☐ If there is any tension or conflict among family members.
- ☐ If no one is able to carry out the duties of an executor because of their own personal circumstances (e.g. they have young families, demanding jobs or are experiencing health complications).
- ☐ If the estate is especially complicated, messy or convoluted, and too difficult to deal with.
- ☐ The grief of losing their loved one is making it difficult to manage the role.

These are all legitimate reasons for placing trust in a professional executor, who has the legal, tax, financial and administrative know-how to properly and efficiently settle the estate.

How do you choose a professional executor?

When choosing a professional executor, you'll want to look for fair and transparent pricing, as well as a clear description of what services are included and ensure you are confident the professional will carry out your estate settlement effectively.

Most jurisdictions have mandates or guidelines for executor compensation, commonly amounting to 5% of the estate's value. Most lawyers and other advisors will either take the maximum percentage of the estate's value permitted or will charge your estate by the hour and likely will bill legal and accounting services separately to the estate.

Trust companies normally charge a percentage of the value of the estate using a tiered fee structure. This typically starts around 4%

and can decrease with significant asset value. Trust companies have minimum fees, typically anywhere from \$15,000 to \$25,000 or if they don't, they reserve the right to charge one or refuse to act when the time comes if the estate is too small. They also engage a lawyer for probate and sometimes tax preparation services which are billed separately to the estate.

ClearEstate's professional executor services on the other hand, are offered with a fully transparent and affordable fee structure which allows you to see exactly what you're paying for, with no extra surprises. We're a one-stop shop for all estate planning and settlement needs, including probate applications, tax filing preparation, and representation with financial institutions and other third parties.

If you want more guidance on how to choose an executor for your estate, or for help with any aspect of your estate planning, book a free consultation with an Estate Solutions Advisor today.

Visit clearestate.com/abcu for more information and to schedule your free consultation with ClearEstate.