

# Developing Your Estate Plan



## What is an Estate?

---

Your estate consists of all the assets and property which you own and all your financial liabilities. For many people, their estate would comprise their bank account funds, their RRSP, RRIF and investment account funds, the equity in their residential property, their vehicle and other personal property along with their mortgage, taxes owing, bank line of credit and credit card debt. Others have more complex estates which could include business, professional practice or partnership interests, rental or commercial real estate properties, foreign investments, properties located outside of Canada, royalty income or trust interests.

## What is an Estate Plan?

---

Your estate plan will protect your assets and secure your legacy.

An estate plan consists of the arrangements you've made for the management, protection and disposition of your financial assets and liabilities both during your lifetime and following the eventual circumstance of your death. Many people also incorporate into their estate plan arrangements for personal issues such as their end of life living arrangements and health decisions and their funeral arrangements.

A well thought out estate plan will ensure that you have a Power of Attorney document, a Will, a Representation Agreement, an Advance Directive, pre-paid funeral arrangements, life insurance, property and liability insurance, a plan for disposition of recreational property, a succession plan for your ownership in a business, strategies to protect assets from creditors and minimize taxes and probate fees, and possibly include the use of trust agreements.

One of the greatest courtesies you can provide to your loved ones and dependents is to put your estate plan into effect while you are healthy and thinking clearly and then discuss it with your family. This will ensure that your financial affairs can be easily handled in the event of a crisis during your lifetime and that there will be no uncertainty concerning your wishes at end of life.

Truvera Trust Corporation ("Truvera") can work with you to put into place an effective estate plan which will maximize the security and value of your financial assets and provide peace of mind to you and your loved ones.



**Truvera Trust Corporation**

2017 Truvera Trust Corporation. All rights reserved.



## Truvera Trust Corporation

Truvera is an independent British Columbia owned trust company which has been operating since 2005 and has offices in Vancouver and Kelowna. We are incorporated under BC's Financial Institutions Act and regulated by the Financial Institutions Commission of BC. We specialize in providing clients with financial and estate planning and administration services.

The advisors at Truvera are highly skilled professionals who have years of prior experience in senior partnership and managerial positions with major international accounting firms such as PricewaterhouseCoopers, KPMG and Deloitte, as well as financial institutions and law firms. We've advised individual and corporate clients on accounting and tax planning, investment management, insurance products, creditor protection, corporate management practices, mergers and acquisitions, business structures, business succession planning, business valuation, selling a business, dispute resolution, personal financial planning and estate and trust planning and administration.

We provide personal, compassionate assistance as we help you manage your financial affairs and we develop customized plans to meet your specific needs. We offer one of the lowest professional fee structures in the province for our services.

## Our Services

We work with you to help structure, review and achieve your personal financial planning, business succession planning, tax planning and will and estate planning goals, providing expert professional assistance with safeguarding your assets and maximizing their value. We can provide advice in the use of trust arrangements which could enhance your financial and estate plans. We will also take responsibility for, or provide assistance with, the administration of your estate or trusts and, no matter what our role, we will follow your wishes as you intended in order to protect your legacy.

As you develop your estate plan and once your estate is under administration, it's likely that assistance will be required from professional service providers such as lawyers, tax accountants, investment managers, insurance agents, property managers or realtors. We will refer that work to your trusted advisors or, where you don't have an established relationship in place, we will refer the work to reputable advisors we know to be reliable. We can then coordinate and review the work they do on your behalf in order to ensure that you receive timely, competent service.

We've put together the following summary to describe the components which should be included in a comprehensive, effective estate plan. As you consider this list, keep in mind that the professionals at Truvera are available to assist and can be appointed to any of the following roles:

- *Attorney under your Enduring Power of Attorney agreement*
- *Court appointed Committee of the Estate to provide Power of Attorney services*
- *Executor or Co-Executor of your Will*
- *Alternate Executor of your Will*
- *Agent for Executor providing assistance to the Executor of your Will*
- *Court appointed Administrator of Your Will*
- *Agent for Administrator providing assistance to the Administrator of your Will*
- *Trustee or Co-Trustee of your trusts during your lifetime or after death*
- *Alternate Trustee of your trusts*
- *Agent for Trustee providing assistance to the Trustee of your trusts*

We can also refer you to the appropriate professionals to help you write and notarize all your legal documents and meet all statutory filing requirements.

## Our Fee

---

Our fee will vary according to the nature of the work which we do for you. Executors and Trustees are permitted under provincial law to claim fees for their administration services and must pay income taxes on their fees. In British Columbia, when the fees are not specified by prior compensation agreement or in the Will, Executors and Trustees may claim a fee of up to 5% of the gross value, including capital and income, of the estate or trust assets and may claim an annual fee of up to 0.4% of the average market value of the estate or trust assets under administration. Truvera charges significantly less than the top rate and when you appoint us as your Executor or Trustee, or hire us as your Agent for Executor or Agent for Trustee, you would sign our standard compensation agreement.

Agent services for an Executor or Trustee are charged in accordance with the type and extent of assistance which you require.

Power of Attorney agreements must include the amount or rate of compensation you agree to pay your Attorney once they commence acting on your behalf.

In every case, Truvera charges fees which are among the most cost competitive of any trust company in the province and we will be happy to provide you with an estimate.

## Advantages of Appointing a Trust Company

---

Trust companies are licensed financial institutions which are regulated on an annual basis by provincial financial authorities. When you appoint a trust company to assist with your estate, you have the security of using experts who are up to date with current legislation and have the knowledge, experience and professionalism to properly safeguard assets, seek reasonable investment returns, minimize taxes and comply with all legal filing requirements and deadlines.

Having your financial affairs administered by a neutral third party helps avoid conflict and controversy among family members. It also relieves family members or personal friends of the burdens and legal liabilities which could arise from acting on your behalf. For example, joint accounts held with adult children can be a contentious issue due to recent legal decisions. And it avoids tax liabilities or impairment of the value of your financial assets or income which could result from mishandling by an inexperienced or distracted family member or friend.

When you appoint Truvera you help prevent these problems and you have the peace of mind of knowing that your financial affairs will be handled promptly and efficiently by willing, experienced, impartial professionals who are committed to their fiduciary responsibilities.

# Components of an Effective Estate Plan

## Enduring Power of Attorney

---

An Enduring Power of Attorney is a legally binding document which you sign in order to name a person or trust company to act on your behalf as your Attorney in the management of your financial and legal affairs during your lifetime, should the need arise. Subject to whatever conditions or restrictions you specify, your Attorney may take any financial or legal action on your behalf except to make or change a Will. Your Attorney must act in accordance both with your wishes as specified in your Enduring Power of Attorney and with conditions specified in provincial legislation.

A Power of Attorney does not cover health care or personal care matters such as living arrangements or end of life decisions; for those you require a Representation Agreement and an Advance Directive. Although some routine financial matters may be covered in a Representation Agreement, a Power of Attorney takes precedence over a Representation Agreement where the management of financial and legal affairs is concerned.

Your Enduring Power of Attorney is one of the most important and powerful planning tools you can have and it's wise to put it in place before a crisis happens. You may not expect to have a lengthy stay in hospital or develop a cognitive impairment but sadly these things can happen to anyone. An Enduring Power of Attorney gives you the reassurance and peace of mind of knowing that your financial and legal affairs can be managed for you in the event that you become physically or mentally incapable at any point during your lifetime. Also, with an Enduring Power of Attorney in place, assets held by you in joint ownership with another person can be sold, otherwise this is not permitted if you are mentally incapable.

It is critical that you choose a competent, responsible Attorney who will act in accordance with your wishes and best interests in managing your financial affairs and preserving your privacy.

The authority of your Enduring Power of Attorney extinguishes upon your death, at which time your Will takes effect.

## Will, Executor and Beneficiaries

---

A Will is a legally binding document which you sign in order to describe how you wish your estate to be handled following your death. Along with your Power of Attorney, your Will is the most important estate planning tool you'll have. In your Will you must identify an Executor – the individual or trust company you've chosen to be in charge of handling the management and distribution of your estate according to the wishes specified in your Will. You could appoint Truvera as your Executor, Co-Executor or Alternate Executor or we could be hired to assist as Agent for Executor. You would also identify your beneficiaries – those who you wish to inherit your wealth if something were to happen to you - and, in the case of your children, you could specify the age at which you'd like them to receive their inheritance.

Once you have a Will you can revise or rewrite it at any time. Most people review their Will every few years, or after a change in personal circumstances such as marriage, parenthood, change in marital status, grandchildren and acquisition or sale of major assets, in order to assess whether the instructions in their Will need to be updated. It is also important to consider changes to legislation – in British Columbia a new law called the Wills, Estates and Succession Act changed rules concerning Wills and Estates for deaths occurring after March 31, 2014.

If you die intestate, meaning without having left a valid Will, there will follow a lengthy and costly process during which the court will appoint an Administrator who will choose a guardian for your minor children and who will manage and dispose of your estate according to rules specified in provincial law. Did you know that under these circumstances if you are married with children, the court will award roughly half your estate to your spouse and divide the remainder among your children? If, instead, you prefer to be the one to choose your children's guardian, choose who will inherit your estate and in what amount, and choose the age at which your beneficiaries will receive their inheritance, then you'd be wise to write a Will. By writing a Will and naming an Executor you can ensure the orderly, prudent and tax-effective transition of your assets and liabilities to your chosen beneficiaries in accordance with your personal wishes.



## Trust Agreements and Trustee

---

Many people incorporate trust agreements into their estate plan. A trust is a legally binding arrangement which you can elect to put in place to protect your financial assets or property during your lifetime or after your death. You may wish to protect your assets or property from creditors, spendthrift beneficiaries or legal challenges to your Will, for example. The use of trusts can also help reduce your taxes and estate fees. Whenever you create a trust you transfer legal ownership of your assets or property to the trust. You must appoint a person or trust company to act as the Trustee who will manage, invest and distribute the trust assets and income according to your wishes. You could appoint Truvera as your Trustee, Co-Trustee or Alternate Trustee or you could hire us to assist as Agent for Trustee.

There are various types of trusts, all with different features and requirements, including age restrictions. Commonly used trusts include the spousal trust, family trust, insurance trust, alter ego trust, joint partner trust and charitable remainder trust. When any of these trusts are created during your lifetime they are referred to as inter vivos or living trusts; when created in your Will to come into effect at the time of your death they are referred to as testamentary trusts. A trust is a powerful vehicle for control of assets and tax reduction but it can also generate tax liabilities so it's critical that your trust agreement be well-drafted and reviewed regularly in order to ensure its effectiveness, security and flexibility. Similarly, your Trustee must be competent, committed and trustworthy.

## Pre-Paid Funeral Arrangements

---

To relieve your loved ones of problems which could arise from not knowing your preferences, it is wise to make pre-paid funeral arrangements for yourself with a nearby funeral home. Your instructions for all aspects of arrangements for burial or cremation will be kept on permanent record and by paying in advance you'll prevent pressure on the family to agree on and fund costly expenses. At a time when people are struggling to cope, you will have simplified a difficult circumstance for them.

Truvera is a trademark of GCR Capital Inc., used under license.

## Representation Agreement and Advance Directive

---

During a time of serious illness or end of life circumstances it may be difficult for your family to know what your wishes and preferences are if you are not able to communicate about them at that time. You will relieve your loved ones of the burden of this uncertainty and its potential for family controversy if you write a Representation Agreement and an Advance Directive in which you describe your instructions, wishes, beliefs and values. A Representation Agreement is a legal document available to adults in British Columbia in which you give one or more persons the legal authority to be your Representative and make personal care and health decisions on your behalf should you not be able to do so, such as in the case of illness, injury and physical or mental disability. Your Representative must take your current and previously expressed wishes into account in the decisions they make concerning your living arrangements and personal care and always act in your best interests.

An Advance Directive is a separate legal document in which you state your wishes concerning future healthcare treatments, including medical intervention and life support, which is binding on your healthcare practitioners. By including a Representation Agreement and an Advance Directive as part of your estate plan you are doing your family a tremendous service by preventing uncertainty and disagreement during a stressful time.

## Life Insurance

---

You may wish to purchase a life insurance policy on your own life and name your loved ones and dependents to be the beneficiaries of the policy proceeds in order to provide for their financial needs following your death. The earlier you do this in your lifetime, the easier it will be for you to qualify for reasonably priced policies. Life insurance proceeds are received tax free by the individuals named as your beneficiaries and are usually paid out without delay immediately following a claim. Life insurance could prove to be a critical component of your estate plan in the event that something unexpected happens to you. Depending on your personal circumstances, your dependents may not receive any survivor pension benefits and the proceeds of your life insurance policy may be needed to pay the mortgage or capital gains tax on your real estate property. Your life insurance policy proceeds will help reduce the stress on your loved ones as they face an already difficult time.

## Property and Liability Insurance

---

If your real estate property forms a significant part of the value of your estate, then it's important that you have property insurance in effect at all times in order to protect the property and its contents from serious risks of loss such as fire. Similarly, particularly if your property has a swimming pool, trampoline or other risk of personal injury, you should insure members of your household against financial losses arising from legal liability by having third party personal liability insurance in place at all times.

## Recreational Property

---

If you own recreational property which members of your family would like to continue using after such time as the property ownership transfers from your name, you should be sure to plan for any capital gains tax which may have to be paid on the property. In many cases, there will be a sizeable amount owing. One solution is to purchase a life insurance policy on your own life and name your estate as the beneficiary, thus providing funds which could be used for this purpose. You can also help your family members avoid disagreements by working with them in advance to develop a future plan for shared access to the property.

## Business Succession Planning

---

If you hold an ownership interest in a business, and especially if you are the head of a family business, it's critical that you have a succession plan in place for when you are no longer available to continue your management responsibilities. As business assets transition to the next generation or new ownership structures, the legal and tax consequences of these changes must be taken into account. Often there are significant tax savings available with the correct planning in place. Furthermore, it may be advisable to consider opportunities for consolidation in the industry or to contemplate options for expansion of the business. Should the business raise capital, go public, increase insurance coverage? There could be many issues and concerns which should be addressed and you will be wise to develop a plan and communicate with others while you are in good physical and mental health.

## Creditor Protection, Tax Planning and Probate Fee Strategies

---

There are a variety of strategies available which may protect your assets from unsecured creditors, such as in the case of marriage breakdown, or from the bankruptcy trustee in the case of personal bankruptcy. The earlier you put these strategies into place, the greater likelihood there will be of them succeeding. Similarly, there are options available to shelter, defer or minimize the taxes and probate fees owing on your assets after death if you plan effectively. In British Columbia most estates must pay a fee of approximately 1.4% of the value of the estate in order to have the court authenticate the Will and authorize the Executor in the form of a Grant of Probate, but there are ways to minimize this fee. For example, a new law called the Wills, Estates and Succession Act changed rules concerning wills and estates for deaths occurring after March 31, 2014. Under this legislation it is now possible for BC residents to make multiple wills, each with a different Executor, and this strategy can avoid probate fees on certain private company shares.

In summary, there are different options you can use to maximize the value of your assets during your lifetime and maximize the value of your estate later on for your beneficiaries. These can be complex strategies and your unique personal circumstances and preferences, along with current and impending legislative requirements, must be carefully taken into account when planning for these issues.

## What to Expect When You Appoint Truvera as Your Enduring Power of Attorney, Executor or Trustee or Hire us to Assist

---

To learn more about appointing Truvera or hiring us to assist you, contact us to arrange a complimentary, confidential conversation with one of our Trust Officers. If you appoint Truvera then you'll provide us with necessary information about estate matters and relevant financial assets and liabilities which we will hold in strictest confidence. You will also sign our compensation agreement. In the months and years ahead, you'll receive ongoing financial, tax, trust and estate planning updates from us along with the opportunity to update any file information as appropriate. You'll be welcome to contact us at any time to review your financial and estate plans and arrangements and make any appropriate revisions.



## Our Contact Information

---

Our team of advisors at Truvera is made up of respected professionals with years of specialized expertise. We can provide peace of mind with our competent, compassionate personalized assistance and we'd be happy to speak with you to discuss your needs.

Visit our website at [www.truvera.ca](http://www.truvera.ca) and call us at **778-379-3933** or e-mail us at [info@truvera.ca](mailto:info@truvera.ca) to set up a complimentary, confidential consultation.



## Truvera Trust Corporation

**Disclaimer:** Please note that the information provided in this overview is general in nature only and does not constitute legal, tax, accounting or investment advice. Information in this document is believed to be reliable at the time of writing but Truvera Trust Corporation cannot guarantee its accuracy or completeness; accordingly, we take no responsibility for future changes in legislation; and we offer no protection against any losses arising from any individual's actions relying on this information. No part of this document may be reproduced, transmitted or distributed in any form or by any means without obtaining written consent from us.

Truvera is a trademark of GCR Capital Inc., used under license.