

What to Expect as an Estate Beneficiary



Truvera Trust Corporation

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.

Where a Will-maker has named us as the Executor of their Will it is our responsibility to administer the estate assets and liabilities in accordance with instructions specified in the Will, communicate with the beneficiaries of the Will and distribute the estate to the beneficiaries. We have put together this publication in order to answer many of the questions which beneficiaries have during the period of estate administration.

Our advisors 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 and estate planning and administration. We have the knowledge and expertise to handle financial planning, estate planning and estate administration for all types of assets and liabilities.



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When You Have Been Named as an Estate Beneficiary

If someone you care about has named you as a beneficiary in their Will, you may be wondering what that will mean for you. What actions will take place, how will you be involved, how much time will it take before the estate administration is concluded? Truvera has developed the following information to give you some insight into the experience in order to help during what could be a stressful time.

Types of Beneficiaries

When a Will-maker writes their Will, they describe how they wish their estate to be distributed. Their estate is comprised of everything that they own which could include financial assets, real estate, businesses and personal belongings. The people named in the Will as recipients of any part of the estate are called the beneficiaries of the Will.

The Will-maker may make a specific gift in the Will. This is also called a bequest or legacy and it could be a specified physical item such as a piece of jewellery or it could be a specified amount of money such as a cash gift of \$10,000, for example.

The recipients of gifts in a Will are referred to as the non-residual beneficiaries because once their gifts have been paid to them from the estate then the residue or remaining balance of the estate is distributed to what are referred to as the residual beneficiaries. In some cases a person will be both a non-residual and a residual beneficiary of a Will. Neither non-residual nor residual beneficiaries are required to pay any taxes on the gifts or payments which they receive from the distribution of an estate.



Life Insurance and Pensions

Life insurance policies and pensions often do not form part of the estate assets but the Executor will typically provide assistance to the designated recipients in order that they may claim the proceeds as quickly as possible.

Communication with the Beneficiaries

Once the Executor of the Will commences the administration of the estate, each beneficiary of the estate is usually provided with a copy of the Will and a notice of the application for the Grant of Probate (court issued document which authenticates the Will and authorizes the Executor). The residual beneficiaries will, in addition, each be provided with a preliminary statement of the estate assets and liabilities. During the period of estate administration, the Executor will communicate with the beneficiaries in order to keep them informed of all progress.

The Executor has a great number of tasks and responsibilities to manage in the administration of the estate and it can take a year or longer before the final distribution can be made to the residual beneficiaries. However, in some cases, it's possible for the Executor to make an interim partial distribution. At the time of either an interim or final distribution, the Executor will provide each residual beneficiary with a statement of account which shows the assets and liabilities of the estate as of the date of death and the subsequent revenues and expenses of the estate during the period of estate administration.

Before receiving any distribution from the estate, the Executor will ask each residual beneficiary to sign their approval of the estate accounts and to sign a Release of Executor form.

It's a good idea for the beneficiaries to familiarize themselves with the process of estate administration so that they have an understanding of the steps and timing involved.

Executor Duties and Responsibilities

Managing an estate is a time-consuming, complex job which carries legal liability and must be handled accurately and responsibly. When Truvera is named as the Executor of a Will or hired to assist an Executor as the Agent for Executor, we handle any or all aspects of the estate administration, including:

✓ Immediate Action

We will locate the Will, oversee funeral arrangements if required, ensure care for minor children and pets if needed, claim life insurance and pension benefits so that the family's immediate financial needs are met and then initiate communication with the beneficiaries.

✓ Probate the Will

We will arrange to apply to the court in order to probate the Will then pay the probate fees out of the estate funds in order to receive the Grant of Probate which authenticates the Will and authorizes the Executor.

✓ Safeguard the Assets

We will identify, secure, appraise and insure all the assets of the estate, empty safety deposit boxes, clean out real estate properties, sell the assets and transfer titles, and close all accounts and personal records in order to avoid identity theft.

✓ Deal With Businesses, Partnerships and Private Practices

We will identify, manage, transfer or wind up and sell any business, partnership or private practice interests which form part of the estate.

✓ Maximize the Value of the Estate

We will maximize the value of the estate whenever possible by using planning techniques which can keep estate taxes and fees to a minimum.

✓ Oversee Investments

We will ensure that all estate funds are invested prudently and that they generate a reasonable return for the estate during the period of estate administration.

✓ Settle Debts, Bills, Taxes and Claims

We will take steps to identify, settle and pay all debts, bills, taxes and claims against the estate.

✓ File Tax Returns

We will meet all deadlines to file the various tax returns required by the taxpayer and the estate (including US or other foreign tax returns), identify and use all appropriate elections and designations in order to reduce taxes owed by the estate, ensure that all taxes owing are paid, request a tax clearance certificate from Canada Revenue Agency and, if we are named as Trustee, file all tax returns required for any trusts.

✓ Deliver Trust Assets

We will ensure that any assets left in trust for beneficiaries are delivered to the appointed Trustee. If Truvera is the Trustee, we will establish testamentary trusts for the trust beneficiaries as required under the Will and we'll arrange for ongoing review of the investments, annual filing of trust tax returns, and ongoing compliance with the terms of the trust including payments to the trust beneficiaries.

✓ Create Estate Accounts

We will keep detailed accounts of all revenues and expenses of the estate and provide a statement of account to each beneficiary.

✓ Distribute Estate Gifts to Non-Residual Beneficiaries

We will distribute gifts specified in the Will to the non-residual beneficiaries and receive signed receipts upon delivery.

✓ Distribute Residual Estate to Residual Beneficiaries

After liquidating all assets and paying all claims against the estate, we will make an interim distribution of the residual estate to the residual beneficiaries according to the terms specified in the Will. Following the receipt of the tax clearance certificate, we will make the final distribution and then we will close all remaining accounts.

✓ Receive Release of Executor Statements

We will protect against liability by obtaining signed, witnessed Release of Executor statements from each residual beneficiary upon distribution of the estate.

Distribution of the Estate

As the above list suggests, the Executor will require significant time in order to complete all of the many tasks involved in the administration of the estate. Waiting for the court to issue the Grant of Probate, waiting for real estate property or other assets to sell, if required, and waiting for Canada Revenue Agency to issue necessary notices and certificates can all cause delays which are beyond the control of the Executor. Beneficiaries are well advised to have realistic expectations about the length of time it may take before they receive a distribution from the estate but they should also feel free to contact the Executor at any time if they have questions.

If the estate holds investments such as stocks, bonds or mutual funds, the Executor may ask the residual beneficiaries whether, if it is feasible to do so, they would like to receive their share of the value of the estate in cash or in kind. That means they may be able to elect to have specific investments transferred directly into their name instead of receiving the cashed out value. In the case of a spouse, it may also be possible for them to elect to have a registered account rolled over to their name. Truvera will analyse these possibilities and communicate with the residual beneficiaries, as appropriate.

Writing Your Will and Naming Your Executor

As a beneficiary, you may find that your involvement with the distribution of an estate has prompted you to want to update or write your own Will, if you have not already done so. We can refer you to the appropriate legal representatives to help you. You will have to decide who to name as the Executor of your Will and you may wish to consider appointing Truvera.

Some people like to name Co-Executors of their Will who would share the responsibilities of the estate administration and you could name Truvera as your Co-Executor. Another option is to name us as Alternate Executor in the event that your named Executor proves unable or unwilling to act.

When you face these decisions, the advisors at Truvera would be happy to consult with you on a complimentary, confidential basis.

If you appoint Truvera as the Executor of your Will then you'll provide us with information about yourself, your beneficiaries and your assets and liabilities which we will hold in strictest confidence. You will also sign our compensation agreement. In the years ahead, you'll receive ongoing estate, tax and trust planning updates from us along with the opportunity to update your file information as appropriate. You'll be welcome to contact us at any time to review your financial and estate plans and make any appropriate revisions.

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Advantages of Using a Trust Company as Your Executor

Trust companies are licensed financial institutions which are regulated on an ongoing basis by provincial financial authorities. When you name a trust company as the Executor of your Will, 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 your estate assets, seek reasonable investment returns, minimize the fees and taxes owed by your estate and comply with all legal filing requirements and deadlines.

Having your estate administered by a neutral third party can help avoid conflict and controversy among family members during a difficult time. For example, joint accounts held with adult children can be a contentious issue due to recent legal decisions. It also relieves family members or personal friends of the burdens and legal liabilities involved with estate administration. 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.

Serving as an Executor can be a difficult, time-consuming and stressful undertaking for a novice and many say afterwards that they never envisioned how much time and effort the job would take and that they would never agree to do it again.

When you appoint Truvera as your Executor you avoid these problems and you have the peace of mind of knowing that your estate will be handled responsibly and efficiently by willing, experienced, impartial professionals who are committed to their fiduciary responsibilities.

As we help administer an estate, 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.

The Executor Fee

Executors are permitted under provincial law to claim a fee for their estate administration services when the fee is not specified in the Will or by prior compensation agreement. The fee is taxable to the executor and is paid out of the estate funds usually just before the final distribution to the residual beneficiaries. In British Columbia the Executor may claim a fee between 0 – 5% of both the gross value of the estate assets and the income of the estate. Truvera charges considerably less than the top rate and uses a sliding scale fee agreement which is among the most cost competitive of any trust company in the province.



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 and call us at **778-379-3933** or e-mail us at info@truvera.ca to set up a complimentary, confidential consultation.



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