

## **Following a Death**

Coping with the death of a loved one is hard. We at Baumgartner & Company recognize that you are going through a very difficult time and extend our sympathy for your loss.

The following information has been compiled to help you with the multitude of tasks required. As always, feel free to call us and we will help you as much as possible.

The funeral home will likely have provided you with a checklist of items to complete. There are also various good checklists available online: [www.grievingtogether.ca](http://www.grievingtogether.ca); Canada Revenue Agency's *What to do Following a Death*; Government of Canada's *Things to Consider Following a Death*; Alberta Seniors' *Saying Farewell*; and others.

Settling the affairs of a deceased person requires you complete the following responsibilities:

### **Obtain Death Certificates**

The funeral home will assist you in registering the death with the provincial registry and obtaining copies of death certificates. Please obtain several notarized copies as they will be required by almost all agencies.

### **Determine the Legal Representative of the Deceased**

You are the legal representative of a deceased person if you are named as the executor in the will or are appointed as administrator by a court. If there is no will, you must request to become the deceased's representative by completing an *Affidavit for Intestate Situations*. This responsibility goes to a surviving family member, in order of priority: spouse, child, child's parent, sibling, grandchild, nephew or niece, or other relative solely remaining after deceased. Ensure you use the correct affidavit for the deceased's province or territory of residence.

### **The legal representative should complete the following tasks:**

Executors may wish to obtain legal counsel regarding general estate questions and procedures for probate. If the estate is in excess of \$100,000, a lawyer may be involved. Legal counsel is recommended if the will is complex, there are any conflicts, there are numerous beneficiaries, or expertise is required beyond the scope of the Executor. In addition, there are some circumstances where probate is required by law.

Ensure that a written record is kept of all decisions made, steps taken, and financial transactions.

## Cancel Pensions and Benefits

It is a good idea to review the latest personal tax return filed by the deceased. There will be copies attached of all slips for income received. You will need the identification information from these slips.

Contact Service Canada (1-800-277-9914) to cancel CPP, OAS, and EI with the following information available on the deceased individual:

- full name
- Social Insurance Number
- date of birth
- date of death
- previous address
- name and address of the person responsible for handling the deceased's affairs

In some cases, there may be survivor benefits available for a spouse or partner, ask Service Canada.

If the deceased was receiving a benefit from the Quebec Pension Plan (QPP), contact Retraite Québec (1-800-463-5185).

Old Age Security (OAS) and Canada Pension Plan (CPP) benefits are payable for the month in which the death occurs; benefits received after that will have to be repaid which is why it is so important to report the death as soon as possible.

If the deceased received extended health and dental benefits from a pension plan, contact the pension plan administrator to advise of death and determine eligibility for continued benefit coverage for dependants.

## Notify Canada Revenue Agency

Contact CRA at 1-800-387-1193 and provide them with the deceased's date of death as soon as possible.

Arrangements must be made to stop payments and, if applicable, transfer them to a survivor if any of the following situations apply:

- The deceased was receiving the goods and services tax credit.
- The deceased was receiving the working income tax benefit advance payments.
- The deceased was receiving Canada Child Tax Benefit, Universal Child Care Benefit payments, and/or Canada child benefit payments for a child.
- The deceased was a child for whom CCTB, UCCB, CCB, and/or GST credit payments are paid.

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If the deceased person was receiving CCTB, UCCB, and/or CCB payments for a child and the surviving spouse or common-law partner is the child's parent, CRA will usually transfer the payments to that person. If anyone else, other than the parent, is now primarily responsible for the child, that person will have to apply for benefit payments for the child

If the deceased person was paying tax by instalments, no further instalment payments have to be made after death.

**Note:** When CRA receives notice of the death of a taxpayer, they cancel all access to that taxpayer's information. Baumgartner & Company, therefore, loses all access to the taxpayer's information upon their death. At your first appointment notifying us of the death, we will ask that you sign a new form authorizing CRA to share information with us and mail it to them with a copy of the death certificate and will (or intestate affidavit).

### **Death of a Business Owner**

When the deceased was a sole or controlling shareholder responsible for operating an ongoing business, the Executor must take, or obtain a manager to take, control of operations to ensure operations can continue. The business may be a major component of the estate and the Executor is responsible for maintaining the value on behalf of the beneficiaries.

Depending on the business structure, the death of an owner will have a different impact on the business and associated CRA accounts:

**Sole proprietorship:** When the owner of a sole proprietorship passes away, a final personal tax return has to be filed for that person. It will also be necessary to close the business number (BN) and all CRA business accounts after all the final returns and all the amounts owing have been processed.

**Partnership:** The status of the business account depends entirely on the type of partnership agreement that has been written. It is possible to bring in new partners without having to register for a new BN. Seek advice from your corporate lawyer.

**Corporation:** When a shareholder retires or passes away, the corporation can continue to operate. The structure of the corporation will determine the outcome of the corporation's existence. Seek advice from your corporate lawyer.

## Cancel Personal Identification

There is a significant risk of identity theft following a death. Unscrupulous individuals search the obituaries and will assume the identity of the departed individual. To prevent this happening, cancel all personal identification of the deceased.

Alberta HealthCare: Phone Alberta Health with the personal health number to be cancelled (780-427-1432).

Citizenship Card/Certificate or Permanent Resident Card: Contact Citizenship and Immigration Canada (1-888-242-2100).

Driver's License: Take the deceased driver's license and a copy of the death certificate to a registry office. It is recommended to ask for the actual license back after cancellation as it may be required for identification purposes.

Firearms License: Contact your local RCMP office and complete *Declaration of Authority to Act on Behalf of Estate* if the deceased was in possession of restricted and/or prohibited firearms.

Passports: If the passport is valid, you should take it to Service Canada (or mail to Passport Program, Gatineau QC K1A 0G3) to cancel with a copy of the death certificate and a letter stating if the passport should be destroyed or returned to you. You don't need to return an expired passport.

Secure Certificate of Indian Status: Contact Aboriginal Affairs and Northern Development Canada (1-800-567-9604).

Social Insurance Number: If the death occurred in a province, the notification of death is received electronically from the provincial registry. You are only required to inform the SIN program of a death if the death occurred in one of the territories or outside Canada. You must submit a copy of the death certificate and the SIN of the deceased individual in person at your nearest Service Canada Centre (16826 107th Avenue NW, Edmonton).

Veteran's Benefits: Contact Veterans Affairs Canada (1-800-522-2122).

## Apply for survivor and death benefits

The Government of Canada manages the following programs for which you may be eligible: death benefit, child benefit, survivor pension, allowance for the survivor, and Federal Income Support grant for Parents of Murdered or Missing Children.

You or other family members may be eligible for a number of benefits following the person's death, depending on the relationship you share. You may also have certain spousal rights if you were married or in a common-law relationship with the person who dies. This means that you might be entitled to certain assets when the person died, even if you were not named in their will. Consult the provincial resources on estate law to learn more about spousal rights.

## Close Accounts and Cancel Subscriptions

Close any accounts or subscriptions that don't need to be kept open. Update others to remove the name of the deceased and/or transfer to the Executor/Estate as appropriate.

You may need to provide documents confirming the person's death as well as your authority to act on their behalf, such as a death certificate, and a copy of the will or probate documentation.

Contact the deceased person's financial institution for more information, or to confirm whether they have any accounts that need to be closed. It may be possible to remove the deceased's name from joint accounts or to transfer accounts held solely by the deceased into the name of the estate.

You may need to consider:

- chequing and savings accounts
- insurance policies – including cancelling/updating house and automobile accounts
- registered savings plans, such as RRSPs, RRIFs, TFSAs or RDSPs
- investment and brokerage accounts
- mobile, telephone and utility accounts
- library cards
- newspapers, magazines and other regularly delivered items
- credit cards, personal loans, and mortgages – check with the provider if the deceased had insurance on the outstanding amount due
- memberships or online accounts with regular fees
- social media accounts including Gmail, Twitter, Facebook, Instagram, etc.
- safety deposit box
- rental or lease agreements for premises and/or vehicles

If appropriate, notify the post office to redirect mail. The name of the deceased can be removed from mailing lists through the bereavement register at [www.the-bereavement-register.ca](http://www.the-bereavement-register.ca).

Contact Canada's two credit bureaus, Equifax and TransUnion, to advise them of the death. The bureaus can put a note on the person's file to ensure that new credit is not requested in the deceased's name.

If the deceased owned rental property, write to the tenants to redirect the rent payment as necessary. Provide the estate lawyer with a copy of any lease/rental agreements.

As part of this process, you should be able to compile a list of all creditors and amounts owing by the deceased. This may include mortgage, personal loans, credit cards, business-related debts, utility bills, taxes, etc. These debts must be paid from the estate prior to any disbursements to the beneficiaries, to ensure no personal liability for the estate trustee. If you are unsure whether all claims against or debts owed by the estate have been identified, arrange for the publication of a notice of *Advertisement for Creditors and Others* as described by your legal counsel.

**Note:** Baumgartner & Company has a Commissioner of Oaths who will provide this free service to clients.

**Note:** Any fees paid to you as an Executor or Administrator of an estate must be reported on a T4 slip or included in your business income.

### **Make a life insurance claim**

If you can't locate an insurance policy, you can check with the OmbudService for Life & Health Insurance (OLHI) to see if one exists. OLHI also maintains a list of insurance company merges and purchases and can help you figure out which insurance company now holds an old policy.

OLHI will only search for a policy if there is evidence that a policy exists, but you are unable to locate a copy. It also must be less than two years and more than three months since the person's death.

If their criteria are met, OLHI will send a search request to all member insurance companies. Insurance companies will only contact you if a policy is found. Please note that group policies may not be identified in an OLHI search – the Executor is encouraged to contact the deceased's former employers and/or associations.

OLHI recommends that requests be made online at [www.olhi.ca](http://www.olhi.ca) (1-888-295-8112)

To make a life insurance claim, you'll likely need the following:

- The policy number
- A claim form from the person's insurance provider
- A copy of the death certificate

Contact the insurance provider for details and instructions on how to apply for benefits.

Once you've made a life insurance claim, there will be a delay before the beneficiaries get the payment. The length of time will depend on a number of things, such as how long the person held the policy and how they died. You may need to consider opening an estate account with their financial institution to deposit life insurance proceeds, which may be payable to their estate.

### **Personal Income Tax**

Ensure all tax filings are up to date for any years prior to the year of death. If the deceased was delinquent in paying taxes, it may be possible to submit an application under the *Voluntary Disclosures Program* to have a portion of interest/penalties forgiven.

If the deceased owned their principal property, a deemed disposition on date of death has to be reported on the final tax return. You will need the number of years owned, if the home was the primary residence for the full period, and the market value at death (can be obtained from property tax assessment).

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The deceased's final personal income tax return and any balance owing are due on or before the following dates:

<u>Period when death occurred</u>	<u>Due date</u>
January 1 to October 31	April 30 of the following year (same as always)
November 1 to December 31	Six months after the date of death

Consult with Baumgartner & Company to help identify opportunities and instances where elections can be made to help reduce the tax burden of the estate.

### **Final Steps**

The last steps are to request a *Clearance Certificate* from Canada Revenue Agency, and distribute the estate to the beneficiaries. Remember to retain sufficient funds as a reserve for income taxes, professional fees, and any outstanding accounts.

It is a long and complicated process to wrap up a person's life – don't expect it to be a quick process. If you feel overwhelmed, feel free to take a break and let yourself grieve for the loss. As always, you are welcome to call Baumgartner & Company and we will provide what assistance we can.