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# ESTATE PLANNING GUIDE



Lionspoint

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# Introduction

Planning for tomorrow today allows you to preserve your assets, protect your estate, and leave a meaningful legacy for your family. A common misconception is that only the wealthy need to engage in estate planning. However, this misunderstanding can lead to unnecessary costs and complications for your estate and loved ones.

Regardless of age or financial standing, having an estate plan can minimize taxes and expenses, streamline the transition of assets, and ensure that your beneficiaries are safeguarded.

This guide provides an overview of the estate planning process, outlining the key components of an estate plan. Since estate planning laws vary between provinces and territories, this guide serves as a general reference. For a comprehensive plan tailored to your circumstances, consult professionals such as an estate lawyer (or notary in Quebec) and a tax advisor.

Additionally, if you have dual citizenship or residency in another country, there may be extra considerations. In such cases, consult a legal advisor specializing in cross-border estate planning before implementing any strategies.

## The Importance of Estate Planning

Many individuals delay estate planning, assuming it is only relevant later in life. However, having a plan in place ensures:

- Your assets are distributed according to your wishes.
- Taxes and legal fees are minimized.
- Your loved ones are protected and financially secure.
- The estate settlement process is efficient and straightforward.
- You have control over decisions regarding your health and finances in case of incapacity.



# Common Elements of an Estate Plan

Estate planning is much more than just creating a Will—it's about ensuring that your assets are distributed according to your wishes, protecting your loved ones, and minimizing unnecessary taxes. Here are the key elements to consider for a comprehensive estate plan:

- 1. Will** - A fundamental component of any estate plan, ensuring your assets are distributed according to your wishes.
- 2. Power of Attorney (Mandate in Quebec)** – Ensure all adult family members have a current and valid Power of Attorney, so someone can make financial and healthcare decisions on their behalf if needed.
- 3. Insurance Coverage** – Review your insurance policies to ensure you have sufficient coverage to meet your estate planning goals. Life insurance, in particular, can help your family cover expenses and taxes after your death.
- 4. Ownership Structures** – Assess which of your assets will pass through your estate and which will not. For example, joint assets or assets with named beneficiaries may not go through your estate, potentially avoiding probate.
- 5. Beneficiary Designations** – Regularly update beneficiary designations on your registered plans (RRSP, TFSA) and insurance policies to ensure they align with your wishes.
- 6. Tax Planning at Death** – Consider strategies to minimize taxes at the time of your death, which could include using trusts, gifting strategies, or tax-deferred growth opportunities.
- 7. Advanced Estate Planning Opportunities** – Explore tools like trusts, which can provide control over how your assets are distributed and offer tax benefits.
- 8. Charitable Giving** – If charitable giving is part of your plan, consider how best to incorporate this into your estate plan. Charitable donations can provide tax benefits while supporting causes important to you.
- 9. Funeral Arrangements** – Plan for your funeral ahead of time to ensure your wishes are carried out and to reduce the burden on your loved ones.

Estate planning requires balancing multiple objectives, such as minimizing taxes and ensuring your estate plan reflects your wishes. It's essential to approach these decisions thoughtfully, as improper planning could undermine other goals, like reducing probate costs or protecting assets. A well-rounded estate plan addresses all of these considerations.



## Questionnaire – is your estate plan up-to-date?

If you already have an estate plan, here are some questions to help you determine if it's up-to-date. If you don't have an estate plan, the questions will help you identify what your plan should address.

### General Estate Planning Questions

	Yes	No
Do you have a legally valid will?	<input type="checkbox"/>	<input type="checkbox"/>
Has your will be reviewed or updated in the last three years?	<input type="checkbox"/>	<input type="checkbox"/>
Does your will reflect your current wishes regarding asset distribution?	<input type="checkbox"/>	<input type="checkbox"/>
Have you named an executor who is still willing and able to serve?	<input type="checkbox"/>	<input type="checkbox"/>
If you have minor children, have you named a legal guardian for them?	<input type="checkbox"/>	<input type="checkbox"/>

### Powers of Attorney and Healthcare Directives

Have you appointed a healthcare proxy to make medical decisions on your behalf?	<input type="checkbox"/>	<input type="checkbox"/>
Have you designated a power of attorney for financial decisions in case of incapacity?	<input type="checkbox"/>	<input type="checkbox"/>
Are your power of attorney and healthcare documents up to date?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have a healthcare directive or living will in place?	<input type="checkbox"/>	<input type="checkbox"/>

### Beneficiary Designations and Asset Review

Have you reviewed and updated your beneficiary designations on life insurance policies, RRSPs, TFSAs, and other financial accounts?	<input type="checkbox"/>	<input type="checkbox"/>
Do your beneficiary designations align with your overall estate plan?	<input type="checkbox"/>	<input type="checkbox"/>
Have you accounted for digital assets (online accounts, social media, and cryptocurrency)?	<input type="checkbox"/>	<input type="checkbox"/>
Do you own assets in multiple provinces or countries that require special estate planning considerations?	<input type="checkbox"/>	<input type="checkbox"/>



## Tax and Probate Considerations

Have you reviewed potential tax implications on your estate?

Are you taking advantage of tax-saving strategies such as gifting or charitable donations?

Have you planned for probate fees and other estate settlement costs?

If you own a business, do you have a succession plan in place?

## Family Communication and Review

Have you considered a trust for minor children, dependents with special needs, or charitable giving?

Have you discussed your estate plan with your family or key individuals involved?

Does your family know where to find your estate planning documents?

Do you meet regularly with a financial or legal professional to review your estate plan?

## Next Steps

If you answered NO to any of these questions, it may be time to review and update your estate plan.

Consider meeting with a financial advisor or estate planning lawyer to ensure your plan is aligned with your wishes and financial goals.

A well-prepared estate plan provides peace of mind and financial security for your loved ones. Don't wait—take the necessary steps today!



# Creating Your Estate Plan

Planning your estate doesn't have to be time-consuming or costly. A well-structured estate plan ensures that your assets are distributed according to your wishes, minimizes taxes, and provides financial security for your loved ones. By following these six essential steps, you can create a plan that accurately addresses your estate planning needs:

1. Prepare an inventory of your assets and liabilities
2. Define your estate planning objectives.
3. Evaluate your objectives based on your current financial situation.
4. Determine what actions are necessary to achieve your objectives
5. Periodically review your plan.

## Step 1: Prepare an Inventory of Your Assets and Liabilities

Determining a deceased individual's assets and liabilities, along with the location of their personal records, can be a challenging task. Often, assets are scattered among various bank accounts, safety deposit boxes, and locations within the home (including on a computer). Locating and inventorying the deceased's assets and liabilities is an additional burden for those handling the estate.

Creating an inventory of assets and liabilities is an essential part of your estate planning process. It's necessary for minimizing taxes and for proper Will planning. Here's a breakdown of the key items to include:

### Assets

**Real estate:** Your home, vacation properties, and any other land or buildings.

**Investments:** Registered accounts (RRSP, RRIF, TFSA) and non-registered investments.

**Bank Accounts:** All active bank accounts.

**Insurance policies:** The face value of life insurance and annuities.

**Personal property:** Cars, jewelry, art, and other valuable possessions.

**Pension assets:** Membership in a company pension plan.

**Business assets:** The current value and structure of any business you own.

**Trust interests:** The value of any interests you have in a trust.

**Digital assets:** Frequent flyer points, cryptocurrency, and online accounts.

### Liabilities

**Mortgages:** On your home, vacation properties, or other real estate.

**Debt:** Investment-related debt, credit card balances, and other personal obligations.

**Personal support obligations:** Any outstanding family support payments.



## Important Documents

**In your inventory, you should also note the locations of the following documents:**

Signed original Will(s) and Power of Attorney.

Birth and marriage certificates.

Marriage contracts, divorce decrees, and separation agreements.

Insurance policies.

Real estate deeds.

Safety deposit boxes and keys.

Pre-planned funeral arrangements.

Trust documents.

Professional advisors: Names and contact details of your lawyer, accountant, and other advisors for the estate's executor/liquidator.

Executor(s), liquidator(s), and trustee(s): Contact details for individuals named in your Will.

Beneficiaries: Names and contact information of your beneficiaries.

Guardians/tutors: Names and contact details of guardians for any minor children.

Digital passwords: Any passwords to online accounts, bank accounts, and digital assets.

## Important Notes:

**Security:** Due to the sensitive nature of the information, store your inventory in a secure location.

If stored electronically, ensure it is password-protected.

Only trusted individuals, such as your Power of Attorney or executor, should have access to this information.

**Legal safekeeping:** Consider providing a copy of your inventory to your lawyer for safekeeping, along with clear instructions about when and to whom the information can be released.

This inventory is vital in ensuring your estate is managed efficiently and according to your wishes.

By keeping a thorough and secure record, you can make sure that your loved ones and your estate's executor have the tools they need to carry out your plan.

