

# Finance for Life™

Achieving Financial Success™



Finance for Life. Wealth for Living.™



*Services we can provide through our Group of Companies*

Investment Planning  
Insurance Planning  
Mortgage Planning

Tax Planning  
Financial Planning  
Estate Planning

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**Please do not hesitate to contact your advisor for a Confidential Financial Review.**



### **The Powers That Be: WHAT SPECIAL POWERS DO EXECUTORS HAVE?**

- An executor carries out the instructions in your will. Co-executors can share the task.

• Provincial laws define what the executor must do, whether they are a friend, relative, professional or a trust company, but the will can specify even more extensive powers.

• The executor may have to deal with some or all of the following issues at an emotional time: funeral homes, beneficiaries, Revenue Canada, insurance and investment companies, government and business pension departments, real estate agents, lawyers, accountants, appraisers, stock brokers, and business partners.

• The executor can be empowered to convert the

estate to cash or divide assets equally among beneficiaries. They can also make payments to the parent/ guardian of a beneficiary under the age of 18.

- The executor (especially if inexperienced in legal or financial matters) should know how complex the estate is before agreeing to the task. If necessary, appoint a co-executor who is a professional in this field.
- Have a clear and objective idea of what will be involved before asking someone to be your executor and before agreeing to act as one.

### **How to compensate YOUR EXECUTOR**

Administering an estate can be a lengthy, complex and time-consuming task. If the executor is also a friend or relative of the deceased, they will be required to take on major responsibilities at an emotionally difficult time.

Executor fees are set by provincial law. Fees usually range from 3-5% of the estate (depending on the

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complexity of the estate and the time and work required to process it). The fee is paid out of the proceeds of the estate. A family member acting as executor usually waives payment, but they are legally entitled to receive it if they so choose.

A professional executor (lawyer, accountant, trust company) may be able to calculate their fee in advance so you will know what it will cost your estate before enlisting their services. Find out what the fee covers because it may be well worth the investment to hire a professional. Individual professionals usually charge on an hourly basis, whereas a trust company will base their fee on a percentage of the estate. Even with a small estate, it may be worthwhile to pay for professional expertise while also naming a close friend or relative as a co-executor.



- A son or daughter was deleted from your will without reasonable explanation.

- Your spouse to whom you left your portfolio rewrites his or her reciprocal will and thereby doesn't honour previously stated wishes (this situation can be avoided by a legally binding marriage contract).

- Your will has no witnesses or is otherwise invalid.

- A witness is also designated as a beneficiary, opening the way for the law to declare the inheritance and the will invalid.

*Note:* A witness cannot be under age 18, incompetent, prejudiced, or one who signed outside of the testator's or another witness's presence.

- There are mutual funds held in an RRSP that should transfer as a rollover to a surviving spouse or dependent child, but a bequest of these funds is made to another beneficiary.

## Steps to avoid CHALLENGES TO YOUR WILL

Over your lifetime you could accumulate a mutual fund investment portfolio of over one million dollars. Prepare your will with specific directions regarding your mutual funds. Avoid having your will contested due to these improper procedures, where:

- One beneficiary, such as a favoured child or a spouse of a second marriage, is suspected of influencing you to give them a larger share of your investment wealth.

