



CESTNICK

TAX MATTERS

Checklist can help with unwinding loved one's estate

We were visiting friends of the family last weekend, Robert and Nancy. Nancy was having her portrait painted by an artist. "I've asked the artist to paint me with diamond rings and earrings, emerald bracelets, a ruby brooch, and gold watch," Nancy commented. "It's not that I own all of those things," she continued, "but if I happen to pass away before Robert, I want his next wife to go crazy looking for all the jewellery," she laughed.

We then started talking about the work that it can be to look after an estate after someone has passed away. Not the most uplifting conversation, I know, but Nancy had questions, because her mother had just passed away, leaving her and her brother to look after the estate. Here's a checklist of important financial issues to deal with when someone passes away.

Funeral arrangements

Look after this first. Now, the last thing you want to do is haggle over pricing when you're in an emotionally fragile state, but funerals can be expensive. So, enlist the help of a family friend to discuss costs and negotiate as needed. Thinking about yourself, consider preplanning (and perhaps prepaying for) your own funeral arrangements so that this is done for your family ahead of time.

Locate the will

A copy of the will is needed to properly distribute the assets of the estate. If you can't find it, check with any lawyers your loved one could have dealt with who might have the executed copy of the will, and for crying out loud, make sure your own family knows where to find a copy of your will.

Identify the assets

Start compiling a list of all the assets, and their whereabouts, of the deceased. Speak to the accountant

and investment advisers of your loved one if he had these professionals in his life. Then, make things easier for your own family by compiling this list now, and update it at least annually.

Identify insurance policies

It can be tough to ensure all insurance policies are identified upon someone's death and that insurance proceeds are collected. Contact all insurance advisers your loved one might have worked with for help. Some insurance advisers will complete an "insurance audit" for you that includes a list of all your policies (whether that adviser sold them to you or not) – very useful.

Bank accounts

Possibly your loved one had a bank account held jointly with another person who has survived him. Although I'm not often a fan of jointly held assets, a joint bank account will make it much easier to gain access to the money in the account. Otherwise, you may have to wait until "letters probate" are obtained – very inconvenient.

Government benefits

If your spouse or common-law partner has passed away, you may be entitled to three different benefits if the deceased had contributed to the Canada Pension Plan: A death benefit (a one-time payment to a maximum \$2,500), a survivor's pension (averages about \$300 a month but can be as high as \$545 monthly), and a children's benefit paid to a surviving child (a monthly benefit of \$213 per child under age 18, or up to age 25 while a student). You have to apply for these benefits, so do that as soon as possible. You can call 1-800-277-9914 for application forms.

Registered plans

Any RRSPs or RRIFs owned by your deceased spouse or common-law partner can generally be transferred to a registered plan in your name on a tax-deferred basis. This can be true even if your spouse or common-law partner failed to name you as beneficiary on the plan documentation.

Cash and debt management

Think about keeping your spending in check if your spouse has just passed away. Visit a trusted financial adviser to review your affairs to understand where you're at financially. Also, check to see whether there is

mortgage insurance in place that might pay off your mortgage as a result of your spouse's death.

Visit advisers

Soon after the funeral, be sure to revise your own will and powers of attorney, review your own beneficiary designations on insurance policies and registered plans, and look after any tax filings of the deceased.

Don't rush yourself

Don't make any big financial decisions immediately after the death of a very close loved one. Give yourself up to a year before selling your home, or making other decisions that will affect you significantly.

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