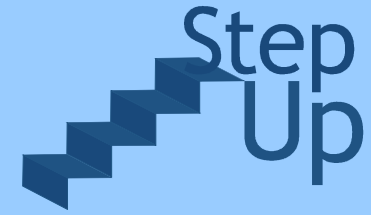


Estate Planning Fundamentals

For those of us who don't have 9 lives to get it right



This material is presented for informational purposes only, and is not a legal, tax or investment opinion to be relied upon either by an advisor or by a client. Interested persons should seek retained independent professional advice before acting or foregoing action in relation to any of the matters mentioned herein.

Broadly speaking, estate planning is about looking after yourself and those near you during life, and caring for those others - particularly dependent children - when you are no longer around. It is a highly personal activity which necessarily has serious legal and financial implications.

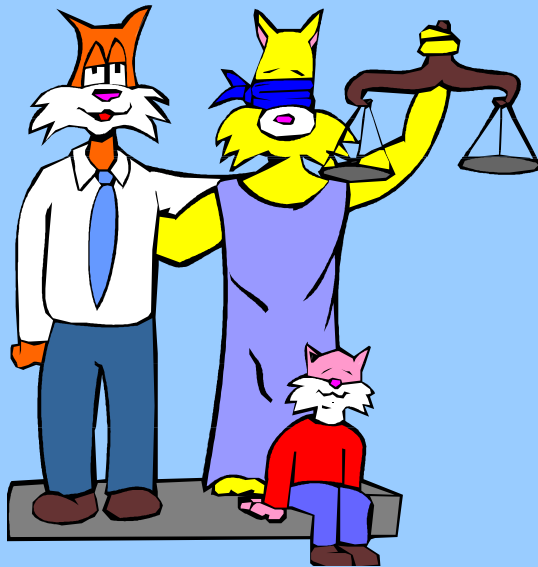
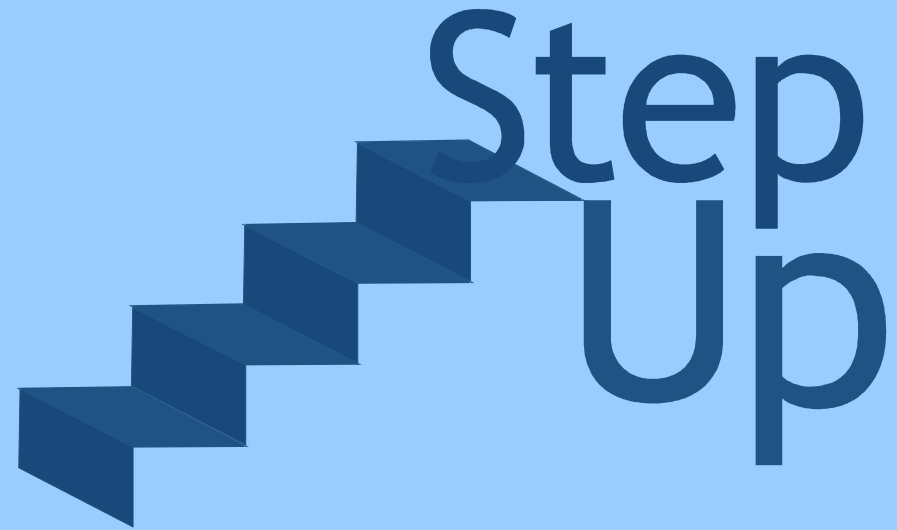
Each person has unique qualities and goals that must be dealt with on a case-by-case basis in consultation with relevant informed professional advisors, including consideration of personal characteristics, interpersonal dynamics and family issues.

This presentation reviews the fundamental considerations informing an individual engaging in estate planning, with an emphasis on selected legal and tax issues. While not intended as a comprehensive review, this session deals with the key legal aspects of the estate planning process. It includes an introduction to the significant tax and creditor benefits a client may gain through the use of testamentary trusts.



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Estate Planning Fundamentals

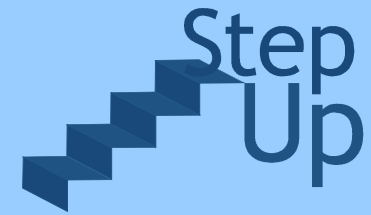


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Sales, Tax, Estate Planning, Underwriting & Product Team



MISSION

- Boost value touches
- Broaden options
- Case placement assistance
- Optimize case values

PEOPLE

- Lawyers
- Accountants, &
- Accredited financial professionals

COORDINATION

- Account Manager
 - Front-line support
 - Assist intermediate
 - Channeling advanced

ACTIVITY

- Resource contact
- Seminars
- Case consultation

CRITERIA

- No arbitrary hurdles
- Generally ...
 - Larger cases
 - Business cases
 - Estate/tax issues
 - Key clients

COST

- No splits or fees
- No cost to Client
- No cost to Advisor
- No cost to MGA



Estate Planning Fundamentals



- Powers of Attorney
- The Will
- Probate
- Joint ownership
- Trust principles
- Insurance beneficiaries & insurance trusts
- Segregated funds
- Capital gains at death
- RRSP/RRIF beneficiary designations
- Estate planning miscellany



Powers of Attorney



1. Substitute Decisions Act
2. Power of Attorney for Property
3. Power of Attorney for Personal Care
4. Compared to 'Living Will'
5. Choice of Attorney
6. Compared to Guardianship and Custodianship
7. Powers of Attorney executed under old legislation



The Will



1. The Will is the cornerstone of a comprehensive wealth & estate plan
2. Testamentary disposition of assets owned at death
3. Formal rules of execution
4. Who manages the estate
5. Who receives the estate property
6. Absence of Will



Probate



1. What it is
2. When it is needed
3. Who takes care of it
4. How long it takes
5. What it costs
6. Common strategies to avoid and reduce probate
7. *Should* it be avoided? –
broad wealth planning perspective



Joint Ownership



1. Defining joint ownership
 - 1.1. Forms of ownership
 - 1.2. Who can be joint owners
 - 1.3. Property open to joint ownership
2. Financial results
3. Legal results



Trusts



1. Elements of a trust

1.1. Settlor

1.2. Property

1.3. Trustee

1.4. Beneficiary

2. Important tax distinction

2.1. Testamentary

2.2. Inter vivos

3. Costs

4. Alter ego and joint partner trusts



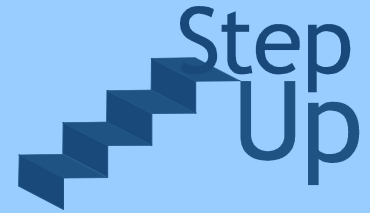
Tax & testamentary trusts



1. Taxed as individuals
 - 1.1 Do not get personal credits
2. Graduated tax rates
3. Choice of year-end
4. No periodic tax installments
5. Income sprinkling
6. Preferred beneficiary election - disabled beneficiaries
7. Trust stub returns on beneficiary death



Key farm succession issues



1. Enhanced capital gains exemption

2. Rollovers

- Spouse or spouse trust
- Child - extended definition
- Parental reversion

3. Capital gains reserve

- 5 years normal rule
- 10 years on purchase from child



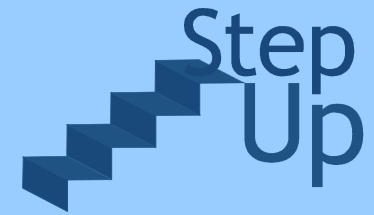
Insurance beneficiaries



1. Naming an insurance beneficiary
 - 1.1. Latest designation governs
 - 1.2. Designation on the policy itself
 - 1.3. Designation by declaration or in Will
 - 1.4. Resulting bypass of the estate
2. Insurance trust by declaration or in Will
3. The insurance company's perspective
 - 3.1. Reliance on last designation on record
 - 3.2. Filling out insurance company forms
 - 3.3. Providing copy of Will



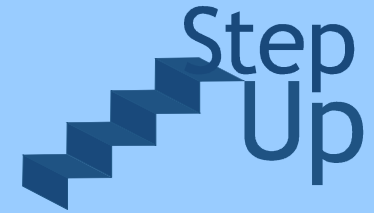
Insurance proceeds trusts: Benefits



<i>Beneficiary:</i>	<u>Named in policy</u>	<u>Will/Estate</u>	<u>Insurance trust</u>
Lifetime creditor protection	YES	--	YES
Probate protection	YES	--	YES
Estate creditor protection	YES	--	YES
Beneficiary creditor protection	--	YES	YES
Ongoing control	--	YES	YES
Tax/Income splitting	--	YES	YES
Disabled support maintenance	--	YES	YES



Segregated funds



- Are they just mutual funds by another name?
 - Variable insurance/annuities
- Guarantees
 - Lifetime
 - Death benefit
 - Resets
- Fees
 - Insurance element
- Creditor protection
 - Lifetime
 - Estate
 - Beneficiaries?
- Estate bypass
 - Creditors
 - Probate taxes
 - Administration
- Trusts -- *Should* you avoid the estate?



Capital gains at death



- Capital deemed disposed and taxed at death
 - Spousal rollovers can defer tax
 - Types of property
 - Investments, real estate, personal property
 - Estate to remit tax based on the growth in value
 - Could be forced to sell
- Fair market value
 - minus ACB*
 - = capital gain
 - times (50%)*
 - = taxable capital gain
 - times marginal tax rate*
 - = amount due to CRA



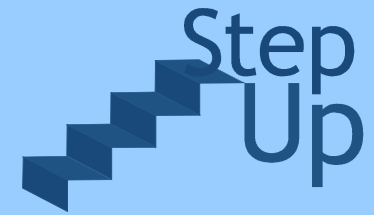
RRSP/RRIF Beneficiaries



1. Naming RRSP/RRIF beneficiary
 - 1.1. Latest designation governs
 - 1.2. Designation on the plan itself
 - 1.3. Making RRSP/RRIF designation in Will
 - 1.4. Resulting bypass of the estate
 - 1.5. Revocation anomaly
2. Advising the RRSP/RRIF plan holder
3. Payout of proceeds



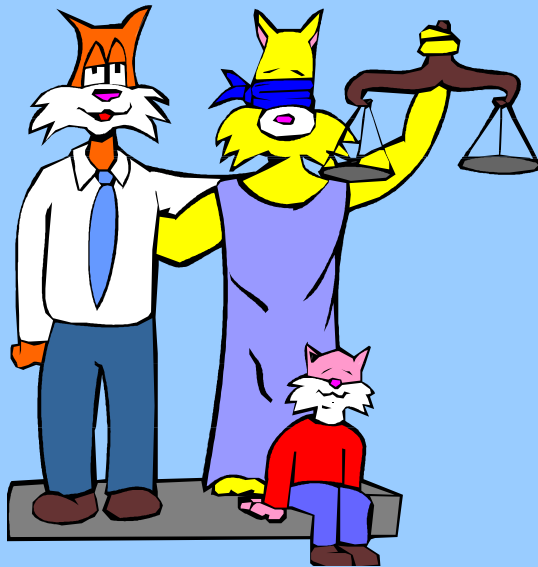
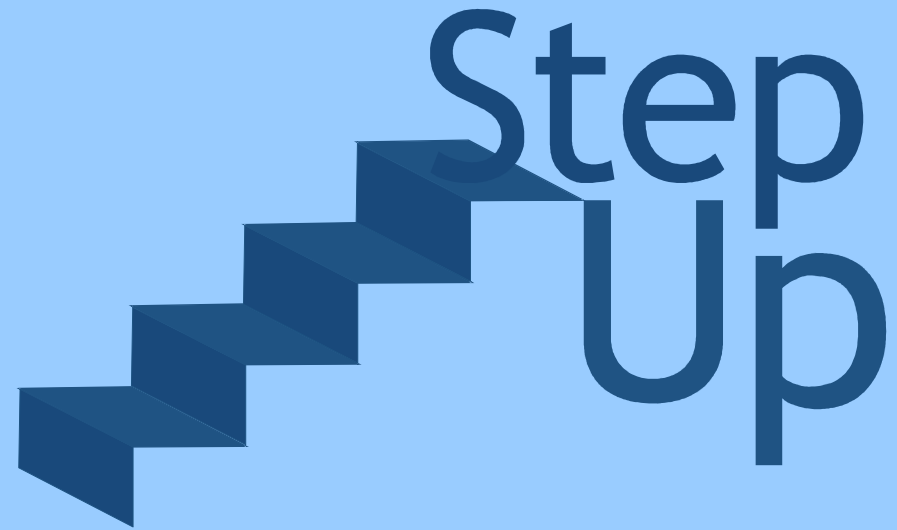
Miscellany



1. End of marital relationship issues
 - 1.1. Automatic revocation of Will entitlement
 - 1.2. No automatic revocation of beneficiary designations
 - 1.3. No automatic revocation of powers of attorney
2. Truths, half-truths & myths
3. “I have a simple estate so I only need a do-it-yourself Will”



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