

Expert Contributor

Estate Planning Can Save Money

By Jennifer Watson, Wealth Manager at Watson Investments

I f done properly, estate planning can retain more of your assets and speed up their transition to your beneficiaries.

When some people think of estate planning they think of a will to ensure their wishes are met and their loved ones are taken care of after they die.

However, a well thought out estate plan can include much more. Among others, the benefits include reduced estate costs and taxes, as well as saving loved ones from any intricate financial issues which may result in unexpected consequences.

When a person passes away their debts are paid before any distribution of money or property can take place. Other expenses include funeral costs, legal fees, administration expenses, taxes, and probate fees.

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At the time of death, there is a legal requirement that the decedent's Will be approved by the court, under the laws of their province or territory. Probate fees in Ontario, officially called an estate administration tax, can equal almost 1.5 per cent of the value of an estate. That can add up.

There are a number of ways to minimize costs.

Savings in registered savings plans such as RRSPs and RRIFs can be transferred tax-free to a spouse's plan at the time of a person's death. By designating beneficiaries under their plan, their estate can bypass probate fees. The same is true of death benefits on insurance policies. By naming beneficiaries these assets fall outside the estate and go directly to the beneficiaries. Registered accounts can also have contingent beneficiaries in the unexpected event that the primary beneficiary is unable or unwilling to receive the assets.



A well-crafted Will is essential for maintaining assets. If a person dies intestate, without a Last Will and Testament, the province will settle the estate. There are legal and administrative costs involved with this. The more complicated the process, the higher the costs will be. It will also delay any transition of assets.

Estate planning is complicated and requires careful consideration. Because of that, it is always recommended to seek professional advice, which can include a lawyer, tax professional and/or an investment advisor.

Given the complexity of the topic as a whole, I have only scratched the surface. I hope by reading this you will assess your life situation and if you don't have an estate plan, you get one, and if you do have one, you review it to ensure it's the best it can be.



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